enterprises of the gouvernement du Québec

1984-1985

financial statements

Entreprises of the Gouvernement du Québec

1984-1985

Financial Statements

publication prepared under the authority of the
Minister of Finance

Gouvernement du Québec
Ministère des Finances

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I am pleased to present this publication which includes the financial statements of most of the Government's enterprises.

Even if, as a rule, these financial statements are tabled in the National Assembly, we are grouping them together in this volume for ease of consultation and analysis of the financial position and operating results of the various enterprises.

Gérard D. Levesque

Minister of Finance

Québec, April 1986

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* Le Curateur public financial statements have not been included in this volume since they were unavailable at the time of publication.

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

R.S.Q., c. A-7.1 and amendments

BALANCE SHEET
as at March 31, 1985

	1985	1984 (Note 9)
ASSETS		
OPERATING FUND		
Cash and term deposits	$350 343	$218 137
Accrued interest	1 647	1 618
Expenses paid in advance	2 553	
	354 543	219 755
Fixed assets (Notes 3 and 4)	103 929	28 577
	$458 472	$248 332
GRANT FUND		
Cash and term deposits	$8 322 922	
Accrued interest	81 881	
	8 404 803	
Financial assistance to promoters (Note 5)	1 967 768	
	$10 372 571	
LIABILITIES		
OPERATING FUND		
Suppliers and accrued expenses	$103 460	$65 198
Surplus	355 012	183 134
	$458 472	$248 332
GRANT FUND		
Government of Québec advances (Note 6)	$8 000 000	
Surplus	2 372 571	
	$10 372 571	

COMMITMENTS (Note 8)

On behalf of the Board of Directors,

Gilles Bergeron
Réal L'Archevêque

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

OPERATING FUND
REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1985

	1985 (12 months)	1984 (2 months) (Note 9)
EXPENDITURE (Note 7)		
Wages and salaries	$444 867	$21 497
Communications	88 658	8 773
Services	250 186	33 593
Other	180 055	13 670
	963 766	77 533
REVENUE		
Interest on deposits	94 644	667
SURPLUS EXPENDITURE OVER REVENUE	869 122	76 866
OPERATING GRANT FROM THE GOVERNMENT	1 041 000	260 000
SURPLUS REVENUE AND GRANT OVER EXPENDITURE	171 878	183 134
SURPLUS AT BEGINNING	183 134	
SURPLUS AT YEAR-END	$355 012	$183 134

GRANT FUND
REVENUE, EXPENDITURE AND SURPLUS
fiscal year ended March 31, 1985

REVENUE	
Government of Québec grant	$2 000 000
Interest on deposits	372 571
NET REVENUE FOR FISCAL YEAR AND SURPLUS AS AT MARCH 31, 1985 (Note 5)	$2 372 571

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

OPERATING FUND
CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1985

	1985 (12 months)	1984 (2 months)
SOURCE OF FUNDS		
Surplus of grant and revenue over expenditures	$171 878	$183 134
Depreciation of fixed assets	32 622	7 749
Funds generated from operations	204 500	190 883
APPLICATION OF FUNDS		
Acquisition of capital assets	107 974	36 326
INCREASE IN WORKING CAPITAL	96 526	154 557
WORKING CAPITAL AT THE BEGINNING	154 557	
WORKING CAPITAL AT YEAR-END	$251 083	$154 557

SUBSIDY FUND
CHANGE IN FINANCIAL POSITION
for the year ended March 31, 1985

SOURCE OF FUNDS	
Net income for the year	$2 372 571
Advances from the Government	8 000 000
	10 372 571
APPLICATION OF FUNDS	
Financial assistance to promoters	1 967 768
WORKING CAPITAL AT YEAR-END	$8 404 803

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

L'Agence québécoise de valorisation industrielle de la recherche is a corporation fonded under a special Act. The purpose of the Agence is to promote technological innovation and contribute to the commercial and industrial application of research results in areas likely to have economic spinoffs for Québec. To such end, it fosters concerted action on the part of industry and the research community.

The Agence may give financial assistance in the form of subsidies, advances and loans, with or without interest, or equity in partnerships. Its aid may take any other form authorized by the Government.

2. Accounting policies

The financial statements of the Agence were prepared by management according to the accrual method and in accordance with accounting policies which may be summarized as follows:

Fixed assets

Fixed assets are recorded at cost and depreciated using the diminishing balance method, at the following rates:

Furniture and equipment	20 %
Computer equipment	30 %

Financial assistance to promoters

Financial assistance offered to promoters is recorded as an asset in the subsidy fund and covers eligible expenditures determined by regulation. It bears no interest during the research and development period.

If a project results in a new or improved good or service which is commercialized, the financial assistance is grossed up by an amount equal to the interest compounded annually at the variable rate provided by regulation and is refundable in full to the Agence by a royalty in the amount of gross sales of the goods, services or proceeds resulting from the project.

If a project has a negative result, the financial assistance provided is considered non-recoverable and recorded as an expenditure in the subsidy fund.

3. Change in accounting policies

The Agence has decided to retroactively capitalize its acquisitions of fixed assets. The effect of this change in accounting policies is to increase the surplus of the grant and revenue over expenditures by $28 577 for the year ended March 31, 1984.

4. Fixed assets

	1985			1984
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$89 733	$22 984	$66 749	$25 187
Computer equipment	54 567	17 387	37 180	3 390
	$144 300	$40 371	$103 929	$28 577

5. Financial assistance to promoters

	1985
Loans with royalties	$1 923 924
Refundable grants	43 844
	$1 967 768

As no research project had terminated by March 31, 1985, no allowance for losses was recorded.

It is recognized that very few research and development projects will result in a new or improved good or service that will be commercialized; as such, most of the loans and grants will be subsequently recorded as expenditures in the subsidy fund.

6. Advances from Government

These advances do not bear interest and are repayable annually, according to the condition of the Agence's revenue account, and on demand from the Government. It is anticipated that the revenue account will be used to record gains realized as a result of a financial assistance grant.

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Expenditures

	1985 (12 months)	1984 (2 months)
Wages and salaries		
Wages and fringe benefits	$323 286	$21 497
Service loans	121 262	
Others	319	
	$444 867	$21 497
Communications		
Travel and representations	$42 845	$6 598
Moving expenses	16 369	
Postage and messenger services	3 610	96
Telephone	11 347	2 079
Advertising	14 487	
	$88 658	$8 773
Services		
Project analysis	$158 005	$3 854
Accounting	10 782	1 800
Legal	10 368	700
Public relations and recruiting	46 373	27 239
Expenses for meetings of the Board of Directors	20 142	
Others	4 516	
	$250 186	$33 593
Others		
Rent and improvements	$109 151	$820
Equipment rental	2 947	
Maintenance	1 285	
Office equipment	33 761	4 965
Depreciation — furniture and equipment	16 688	6 296
Depreciation — computer equipment	15 934	1 453
Others	289	136
	$180 055	$13 670

8. Commitments

In addition to the financial assistance paid to promoters, there were, as at March 31, 1985, commitments for financial assistance amounting to $3 377 795 approved by the Board of Directors, of which $1 843 120 covers agreements signed with promoters.

9. New presentation of financial statements

Beginning this year, the Agence has adopted a new presentation for its financial statements, adopting a funds presentation. Results for 1984 have been restated to conform with the presentation adopted in 1985.

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

R.S.Q., c. A-7.1 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Agence québécoise de valorisation industrielle de la recherche as at March 31, 1985 and the statements of revenue and expenditure, surplus and changes in financial position of the Operating Fund and of the Subsidy Fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Agence as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year, allowing for the retroactive effect of the adoption of the capitalization of fixed assets as mentioned in Note 3.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 13, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

CUMULATIVE BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Notes 3 and 4)		
Portfolios:		
Bonds	13 084 435	11 927 577
Shares and convertible securities	4 570 443	3 563 592
Mortgage financing	1 175 885	1 175 610
Real estate investments	273 178	265 981
Short-term securities	626 041	829 505
	19 729 982	17 762 265
Cash	12 177	7 034
Investments earnings, accrued and receivable	383 122	356 694
Other assets	7 824	4 836
	20 133 105	18 130 829
LIABILITIES		
Transactions under settlement	9 693	9 760
Mortgage loans	17 736	18 243
Other liabilities	52 505	77 194
	79 934	105 197
PARTICIPATION DEPOSIT HOLDERS' EQUITY (Note 5)		
General Fund	12 845 493	11 726 107
Individual funds	7 207 678	6 299 525
	20 053 171	18 025 632
	20 133 105	18 130 829

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CUMULATIVE REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	1 441 758	1 336 960
Interest and dividends on convertible securities	178 290	145 315
Interest on mortgage financing	138 078	125 997
Real estate investment income	26 345	24 380
Interest on short-term securities — net	146 377	118 601
	1 930 848	1 751 253
Profit and loss on the sale of securities	147 694	60 856
Other revenue	265	329
Total revenue	2 078 807	1 812 438
EXPENDITURE		
Administration (Note 7)	13 146	11 892
Administrative expenditure charged to separately managed portfolios	42	74
Administrative expenditure charged to cumulative funds	13 104	11 818
Balance of revenue	2 065 703	1 800 620
Interest on demand and term deposits — net	32 583	30 487
Net revenue	2 033 120	1 770 133
Transfer to the general reserve of profit and loss on the sale of securities (Note 6)	106 291	33 728
Revenue assigned to participation deposit holders (Note 5)	1 926 829	1 736 405

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CUMULATIVE FINANCIAL ACTIVITY

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
SOURCE OF FINANCING		
Investment earnings	1 930 848	1 751 253
Gain and loss on the sale of securities	147 694	60 856
Other revenue	265	329
Net contribution from depositors		202 400
	2 078 807	2 014 838
APPLICATION OF FINANCIAL RESOURCES		
Net increase in investments		
Bonds	1 156 858	1 355 185
Shares and convertible securities	1 006 851	805 061
Mortgage financing	275	97 465
Real estate investments	7 197	77 678
Short-term securities	(203 464)	(339 043)
	1 967 717	1 996 346
Net withdrawals by depositors	38 164	
Administration	13 104	11 818
Net change in other assets and liabilities	59 822	6 674
	2 078 807	2 014 838

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

NOTES TO CUMULATIVE FINANCIAL STATEMENTS
at December 31, 1984

1. Constitution and activities

A corporation within the meaning of the Civil Code, the Caisse de dépôt et placement du Québec was created by a special Act (R.S.Q., c. C-2). The Caisse accepts deposits prescribed by a special Act.

The amounts deposited in the General Fund and the individual funds of the Caisse de dépôt have been entrusted to it in the form of demand and term deposits and participation deposits at the option of the depositor.

The General Fund is a collective fund authorized to accept demand, term and participation deposits from approved depositors. Individual funds have only one depositor from whom only participation deposits are accepted.

2. Accounting policies

The cumulative financial statements of the Caisse de dépôt were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Cumulative financial statements

The cumulative financial statements of the Caisse de dépôt include the accounts of the General Fund and those of individual funds having their own financial statements. During the fourth quarter of 1984, investments held in separately managed portfolios for certain depositors were merged with their respective individual fund.

b) Investments

Investments in bonds, mortgage financing, real estate, as well as short-term investments are shown at amortized cost price. Shares, convertible securities and land are recorded at cost.

c) Recording of transactions

Purchase and sales transactions of securities are recorded according to their settlement date.

d) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

e) Interest on short-term securities — net

This item includes interest earned on short-term securities, interest charges on loans and gains or losses on foreign exchange.

f) Fixed assets

Purchases of material and equipment are charged to administration expenses, except for expenses related to the acquisition of telephone, computer and office automation equipment, which are capitalized since January 1, 1984 and depreciated over their service life. Costs incurred as a result of moving to new quarters in 1982 are written off over a period of 10 years. Leasehold improvement expenses are written off over the life of the lease.

g) Foreign currency

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate in effect during each quarter of the fiscal year.

h) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

3. Realization value of investments

The realization value of investments at December 31 details as follows:

(in thousands of dollars)

	1984	1983
Bonds	12 850 307	11 412 663
Shares and convertible securities	5 395 630	4 852 746
Mortgage financing	1 155 024	1 153 714
Real estate investments	338 995	308 995
Short-term securities	626 795	829 066
	20 366 751	18 557 184

4. Investments in foreign currencies

Investments include securities in foreign currencies whose value at December 31 was as follows:

(in thousands of Canadian dollars)

	1984		1983	
	Book value	Realization value	Book value	Realization value
Bonds	1 230 020	1 257 914	375 639	374 437
Shares	148 061	148 561	42 839	45 058
Short-term securities	903	907	7 191	7 177
	1 378 984	1 407 382	425 669	426 672

The exchange position exposure on bonds and short-term securities is covered by futures contracts whose value at maturity totalled C $1 230 858 000 at December 31, 1984.

5. Depositors' equity

Demand and term deposits represent indebtedness on the part of the Caisse de dépôt toward depositors and as such bear interest.

Participation deposits are expressed in units that give the holder a proportionate share in the net revenue and equity of the fund. At the end of each quarter, the net revenue of a fund is allocated to the holders of participation deposits, after subtracting any transfer to the general reserve.

Depositors' equity at December 31 breaks down as follows:

(in thousands of dollars)

	1984	1983
Indebtedness toward depositors		
Demand deposits	30 079	38 470
Term deposits	125 000	76 820
Interest on demand and term deposits	1 737	1 465
Revenue to allocate	521 503	446 483
	678 319	563 238
Participation deposit holder's equity		
Participation deposits	18 958 453	17 152 286
General reserve	416 399	310 108
	19 374 852	17 462 394
	20 053 171	18 025 632

6. General reserve

The General reserve, constituted for the General Fund alone, is made up of capital gains and losses from the sale of securities and the spread between the book value and the realization value of cancelled units of participation deposits.

7. Administration expenses

Administrative expenses for the year ended December 31 were as follows:

(in thousands of dollars)

	1984	1983
Wages, salaries and fringe benefits	6 735	6 304
Travel expenses	299	268
Professional fees	1 094	717
Management of mortgage loans receivable	1 516	1 572
Storage and custody of securities	591	417
Insurance	143	169
Offices	1 255	1 199
Material and equipment	351	482
Stationery and office supplies	118	97
Documentation and information	395	326
Communications	346	246
Depreciation of fixed assets	303	95
	13 146	11 892

Administration expenses for the year ended December 31, 1984 were charged as follows:

(in thousands of dollars)

	1984	1983
General fund	7 640	6 864
Individual fund	5 464	4 954
Separately-managed portfolios	42	74
	13 146	11 892

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

AUDITOR'S REPORT

I have examined the combined balance sheet of the Caisse de dépôt et placement du Québec as at December 31, 1984, the combined statement of income and expenditure, and the combined statement of financial operations for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of the combined funds were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these combined financial statements present fairly the financial position of these funds as at December 31, 1984 and the results of their operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

GENERAL FUND
BALANCE SHEET

at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Notes 2 and 3)		
Bonds	9 363 863	8 528 539
Shares and convertible securities	2 113 578	1 634 884
Mortgage financing	488 453	482 928
Real estate investments	269 075	263 316
Short-term securities	609 512	824 330
	12 844 481	11 733 997
Cash	12 177	7 034
Investment earnings, accrued and receivable	265 446	244 614
Other assets	7 807	4 827
	13 129 911	11 990 472
LIABILITIES		
Deposits (Note 4)		
Demand	229 015	195 210
Term	125 000	76 820
Revenue payable to depositors (Note 5)	324 493	296 135
Interest on demand and term deposits payable to depositors and other funds	3 946	3 342
Transactions under settlement	8 601	3 233
Mortgage loans	30 333	30 699
Other liabilities	44 340	71 816
	765 728	677 255
PARTICIPATION DEPOSIT HOLDERS' EQUITY		
Participation deposits (Note 6)	11 947 784	11 003 109
General reserve (Note 7)	416 399	310 108
	12 364 183	11 313 217
	13 129 911	11 990 472

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND
REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	1 021 705	956 350
Interest and dividends on convertible securities	85 012	72 470
Interest on mortgage financing	54 076	44 941
Real estate investment earnings	24 119	21 845
Interest on short-term securities — net	142 308	118 196
	1 327 220	1 213 802
Profit and loss on the sale of securities	106 291	33 728
Other revenue	119	301
Total revenue	1 433 630	1 247 831
EXPENDITURES		
Administration (Note 8)	7 640	6 864
Balance of revenue	1 425 990	1 240 967
Interest on demand and term deposits — net	68 481	65 626
Net revenue	1 357 509	1 175 341
Transfer to the general reserve of profit and loss on the sale of securities (Note 7)	106 291	33 728
Revenue allocated to participation deposit holders (Note 5)	1 251 218	1 141 613

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

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1. Accounting policies

The financial statements of the General Fund were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Consolidation

Certain real estate investments of the General Fund are held by subsidiaries whose accounts are consolidated with those of the Fund. The subsidiaries are:

	% interest	
	1984	1983
Cadim (1983) Inc.	100	100
Développements Pasteur Inc.	100	100
Immeubles Cadimont Inc.	100	100
Immeubles Cadev Inc.	100	100
Place Dupuis Inc.	100	100
* Société immobilière Trans-Québec Inc.	52,6	100

* Minority interest is included in the balance sheet's liabilities under the item "Other liabilities".

b) Investments

Investments in bonds, mortgage financing, real estate, as well as short-term investments are shown at amortized cost price. Shares, convertible securities and land are recorded at cost.

c) Recording of transactions

Purchase and sales transactions of securities are recorded according to their settlement date.

d) Dividend earnings

Income from dividends is recorded when entered in the shareholder record.

e) Interest on short-term securities — net

This item includes interest earned on short-term securities, interest charges on loans and gains or losses on foreign currency exchange.

f) Fixed assets

Purchases of material and equipment are charged to administration expenses, except for expenses related to the acquisition of telephone, computer and office automation equipment, which are capitalized since January 1, 1984 and depreciated over their service life. Costs incurred as a result of moving to new quarters in 1982 are written off over a period of 10 years. Leasehold improvement expenses are written off over the life of the lease.

g) Interest earned on advances

Interest earned on advances to deposit holders or to Individual Funds is subtracted from interest on demand and term deposits.

h) Foreign currency exchange

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Long-term investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate during each quarter of the fiscal year.

i). Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

j) Participation deposits

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the fund for the holder. The value of a participation deposit is established at the end of each quarter on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as the issue or cancellation price at the beginning of the next quarter.

2. Realization value of investments

The realization value of investments at December 31 details as follows:

	(in thousands of dollars)	
	1984	1983
Bonds	9 096 536	8 060 583
Shares and convertible securities	2 555 322	2 317 810
Mortgage financing	462 022	451 438
Real estate investments	335 276	307 683
Short-term securities	610 267	823 891
	13 059 423	11 961 405

3. Investments in foreign currencies

Investments include securities in foreign currencies whose value at December 31 was as follows:

	(in thousands of Canadian dollars)			
	1984		1983	
	Book value	Realization value	Book value	Realization value
Bonds	1 101 281	1 124 161	288 589	288 153
Shares	97 757	98 218	38 227	40 236
Short-term securities	903	907	7 191	7 177
	1 199 941	1 223 286	334 007	335 566

The exchange position exposure on bonds and short-term securities is covered by futures contracts whose value at maturity totalled C $1 101 763 000 at December 31, 1984.

4. Deposits

Amounts the Caisse de dépôt receives have been entrusted to it in the form of demand, term or participation deposits, at the option of the depositor. Demand and term deposits represent indebtedness of the Caisse de dépôt toward depositors and as such bear interest.

Demand deposits in the General Fund included the deposits of the Individual funds totalling $198 936 000 (1983: $156 738 000).

5. Revenue to depositors

At the end of each quarter, the General Fund's net revenue, after subtracting the transfer to the general reserve, is allocated to participation deposit holders. At the beginning of the next quarter, this revenue is paid to their demand deposit account.

Fiscal year flow:

	(in thousands of dollars)	
	1984	1983
Net revenue payable at the beginning	296 135	267 280
Net revenue for the year	1 251 218	1 141 613
	1 547 353	1 408 893
Paid during the year	1 222 860	1 112 758
Net revenue payable at year-end	324 493	296 135

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND
NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

6. Participation deposits

a) Fiscal year flow:

	1984		1983	
	Units	(in thousands of dollars)	Units	(in thousands of dollars)
Balance at the beginning	13 816 398	11 003 109	12 493 458	9 925 073
Units issued	1 184 461	944 675	1 386 759	1 133 967
Units cancelled			(63 819)	(53 714)
Adjustment to general reserve				(2 217)
Balance at year-end	15 000 859	11 947 784	13 816 398	11 003 109

b) Realization value at December 31:

	(in thousands of dollars)	
	1984	1983
Net equity of the Fund according to balance sheet	12 364 183	11 313 217
Add:		
Investments realization value (Note 2)	13 059 423	11 961 405
balance sheet	12 844 481	11 733 997
	214 942	227 408
Total realization value	12 579 125	11 540 625
Unit realization value (in dollars)	839	835

7. General reserve

The general reserve consists of capital gains and losses from the sale of securities and the spread between the book value and the realization value of cancelled units of participation deposits.

Fiscal year flow:

	(in thousands of dollars)	
	1984	1983
Balance at the beginning	310 108	273 502
Transfer from the statement of revenue and expenditure	106 291	33 728
Spread between the book and realization value of cancelled participation deposit units		661
Participation deposit account adjustment		2 217
Balance at year-end	416 399	310 108

8. Administration

Administrative expenditure for the year ended December 31 was detailed as follows:

	(in thousands of dollars)	
	1984	1983
Wages, salaries and fringe benefits	6 735	6 304
Travel expenses	299	268
Professional fees	1 094	717
Mortgage management fees	1 516	1 572
Handling and safekeeping charges	591	417
Insurance	143	169
Premises	1 255	1 199
Equipment	351	482
Stationery and office supplies	118	97
Documentation and information	395	326
Communications	346	246
Amortization of installation charges	303	95
	13 146	11 892

Administrative expenditure for the year ended December 31 was assigned as follows:

	(in thousands of dollars)	
	1984	1983
General Fund	7 640	6 864
Individual Funds	5 464	4 954
Separately-managed portfolios	42	74
	13 146	11 892

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

GENERAL FUND
AUDITOR'S REPORT

I have examined the balance sheet of the General Fund of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and the financial transactions of the General Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 1, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 301
BALANCE SHEET
as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Note 3)		
Bonds	1 627 262	1 419 403
Shares and convertible securities	1 187 861	942 142
Mortgage financing	123 385	131 423
Real estate investments	28	30
Short-term securities	12 657	2 592
Demand deposits in the General Fund	57 520	46 027
	3 008 713	2 541 617
Investment earnings, accrued and receivable	49 272	47 364
Other assets	16	
	3 058 001	2 588 981
LIABILITIES		
Net revenue payable to depositor (Note 4)	86 911	65 226
Transactions under settlement	100	4 858
Other liabilities	1 801	1 456
	88 812	71 540
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 5)	2 969 189	2 517 441
	3 058 001	2 588 981

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 301
REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	189 377	167 156
Dividends, interest on convertible securities	45 873	36 722
Interest on mortgage financing	16 429	18 518
Interest on short-term securities	1 734	270
Interest on deposits in the General Fund	12 890	10 607
	266 303	233 273
Profit and loss on the sale of securities	29 153	18 219
Other	16	13
	295 472	251 505
EXPENDITURE		
Administration	2 035	1 802
Net revenue (Note 4)	293 437	249 703

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 301
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

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1. Identification

The depositor of the Caisse's Individual Fund 301 is the pension plan for Government and public employees, unionizable sector, administered by the Commission administrative des régimes de retraite et d'assurances.

2. Accounting policies

The financial statements of Individual Fund 301 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing, real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

e) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December 31 details as follows:

(in thousands of dollars)	1984	1983
Bonds	1 702 862	1 460 193
Shares and convertible securities	1 398 711	1 273 534
Mortgage financing	125 435	134 627
Real estate investments	22	25
Short-term securities	12 656	2 592
Demand deposits in the General Fund	57 520	46 027
	3 297 206	2 916 998

4. Net revenue payable to depositor

Fiscal year flow: (in thousands of dollars)	1984	1983
Net revenue payable at beginning	65 226	19 430
Net revenue payable at year-end	293 437	249 703
	358 663	269 133
Paid during the year	271 752	203 907
Net revenue payable at year-end	86 911	65 226

5. Participation deposits

a) Fiscal year flow

	1984		1983	
	No of units	(in thousands of dollars)	No of units	(in thousands of dollars)
Balance at beginning	2 517 441	2 517 441	2 060 045	2 060 045
Units issued	451 748	451 748	457 396	457 396
Balance at year-end	2 969 189	2 969 189	2 517 441	2 517 441

b) Realization value at December 31

(in thousands of dollars)	1984	1983
Net equity of the Fund according to balance sheet	2 969 189	2 517 441
Add:		
Investments		
realization value (Note 3)	3 297 206	2 916 998
balance sheet	3 008 713	2 541 617
	288 493	375 381
Total realization value	3 257 682	2 892 822
Unit realization value (in dollars)	$1 097	$1 149

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 301
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 301 of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 301 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Quebec

Québec, May 17, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 302
BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Notes 3 and 4)		
Bonds	402 122	335 376
Shares and convertible securities	328 628	231 651
Mortgage financing	42 346	45 976
Short-term securities	665	594
Demand deposits in the General Fund	6 374	10 251
	780 135	623 848
Investment earnings, accrued and receivable	13 386	12 083
	793 521	635 931
LIABILITIES		
Net revenue payable to depositor (Note 5)	19 558	13 597
Transactions under settlement	38	438
Other liabilities	621	342
	20 217	14 377
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 6)	773 304	621 554
	793 521	635 931

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

INDIVIDUAL FUND 302
REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	43 998	38 739
Dividends, interest on convertible securities	10 900	8 248
Interest on mortgage financing	5 688	5 576
Interest on short-term securities	819	58
Interest on deposits in the General Fund	5 582	2 377
	66 987	54 998
Profit and loss on the sale of securities	3 852	2 142
	70 839	57 140
EXPENDITURE		
Administration	562	475
Net revenue (Note 5)	70 277	56 665

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 302
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Identification

The depositor of the Caisse's Individual Fund 301 is the pension plan for Government and public employees, unionizable sector, administered by the Commission administrative des régimes de retraite et d'assurances.

2. Accounting policies

The financial statements of Individual Fund 302 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing, real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Interest on short-term securities

This item includes interest earned on short-term securities, interest charges on loans and gains or losses on foreign exchange.

e) Foreign currency

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate during each quarter of the fiscal year.

f) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

g) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December 31, details as follows:

	(in thousands of dollars) 1984	1983
Bonds	404 305	332 215
Shares and convertible securities	359 642	286 853
Mortgage financing	42 637	46 803
Short-term securities	665	594
Demand deposits in the General Fund	6 374	10 251
	813 623	676 716

4. Investments in foreign currencies

Investments include securities in foreign currencies whose value at December 31 was as follows:

(in thousands of Canadian dollars)

	1984		1983	
	Book value	Realization value	Book value	Realization value
Bonds	37 881	39 392		
Shares	15 039	14 964		
	52 920	54 356	—	—

The exchange position exposure on bonds and short-term securities is covered by futures contracts whose value at maturity totalled C $38 094 000 at December 31,1984.

5. Net revenue payable to depositor

Fiscal year flow:

	(in thousands of dollars) 1984	1983
Net revenue payable at beginning	13 597	4 573
Net revenue for the year	70 277	56 665
	83 874	61 238
Paid during the year	64 316	47 641
Net revenue payable at year-end	19 558	13 597

6. Participation deposits

a) Fiscal year flow:

	1984		1983	
	No. of units	(in thousands of dollars)	No. of units	(in thousands of dollars)
Balance at beginning	621 554	621 554	526 808	526 808
Units issued	151 750	151 750	94 746	94 746
Balance at year-end	773 304	773 304	621 554	621 554

b) Realization value at December 31

	(in thousands of dollars) 1984	1983
Net equity of the Fund according to balance sheet	773 304	621 554
Add:		
Investments		
realization value (Note 3)	813 623	676 716
balance sheet	780 135	623 848
	33 488	52 868
Total realization value	806 792	674 422
Unit realization value (in dollars)	$1 043	$1 085

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 302
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 302 of the Caisse de dépôt du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedure as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 302 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 303
BALANCE SHEET
as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Note 3)		
Bonds	10 956	11 210
Shares and convertible securities	6 482	3 703
Demand deposits in the General Fund	914	865
	18 352	15 778
Investment earnings, accrued and receivable	399	363
	18 751	16 141
LIABILITIES		
Net revenue payable to depositor (Note 4)	499	448
Transactions under settlement	118	29
	617	477
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 5)	18 134	15 664
	18 751	16 141

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 303
REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	1 383	1 423
Dividends, interest on convertible securities	198	86
Interest on deposits in the General Fund	153	69
	1 734	1 578
Profit and loss on the sale of securities	164	160
	1 898	1 738
EXPENDITURE		
Administration	10	8
Net revenue (Note 4)	1 888	1 730

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 303
NOTES TO FINANCIAL STATEMENTS
At December 31, 1984

1. Identification

The depositor of the Caisse's Individual Fund 303 is the individual plans administered by the Commission administrative des régimes de retraite et d'assurances.

2. Accounting policies

The financial statements of Individual Fund 303 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administration expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

e) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus or minus the gain or loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December 31 details as follows:

	(in thousands of dollars) 1984	1983
Bonds	11 376	11 414
Shares and convertible securities	6 912	4 393
Demand deposits in the General Fund	914	865
	19 202	16 672

4. Net revenue payable to depositor

Fiscal year flow:

	(in thousands of dollars) 1984	1983
Net revenue payable at beginning	448	124
Net revenue for the year	1 888	1 730
	2 336	1 854
Paid during the year	1 837	1 406
Net revenue payable at year-end	499	448

5. Participation deposits

a) Fiscal year flow:

	1984		1983	
	No. of units	(in thousands of dollars)	No. of units	(in thousands of dollars)
Balance at beginning	15 664	15 664	11 774	11 774
Units issued	2 470	2 470	3 903	3 903
Units Cancelled			(13)	(13)
Balance at year-end	18 134	18 134	15 664	15 664

b) Realization value at December 31

	(in thousands of dollars) 1984	1983
Net equity of the Fund according to balance sheet	18 134	15 664
Add:		
Investments		
realization value (Note 3)	19 202	16 672
balance sheet	18 352	15 778
	850	894
Total realization value	18 984	16 558
Unit realization value (in dollars)	$1 047	$1 057

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 303
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 303 of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 303 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 304
BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Note 3)		
Bonds	7 389	7 313
Shares and convertible securities	3 562	1 822
Demand deposits in the General Fund	668	344
	11 619	9 479
Investment earnings, accrued and receivable	257	233
	11 876	9 712
LIABILITIES		
Net revenue payable to depositor (Note 4)	326	260
Transactions under settlement	41	13
	367	273
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 5)	11 509	9 439
	11 876	9 712

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 304
REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earning		
Interest on bonds	916	905
Dividends, interest on convertible securities	100	53
Interest on deposits in the General Fund	95	28
	1 111	986
Profit and loss on the sale of securities	89	123
	1 200	1 109
EXPENDITURE		
Administration	6	5
Net revenue (Note 4)	1 194	1 104

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 304
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Identification

The depositor of the Caisse's Individual Fund 304 is the pension plan for mayors and councillors of municipalities, which is administered by the Commission administrative des régimes de retraite et d'assurances.

2. Accounting policies

The financial statements of Individual Fund 304 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

e) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December 31 details as follows:

	(in thousands of dollars) 1984	1983
Bonds	7 800	7 509
Shares and convertible securities	3 798	2 234
Demand deposits in the General Fund	668	344
	12 266	10 087

4. Net revenue payable to depositor

Fiscal year flow:

	(in thousands of dollars) 1984	1983
Net revenue payable at beginning	260	79
Net revenue for the year	1 194	1 104
	1 454	1 183
Paid during the year	1 128	923
Net revenue payable at year-end	326	260

5. Participation deposits

a) Fiscal year flow:

	1984		1983	
	No. of units	(in thousands of dollars)	No. of units	(in thousands of dollars)
Balance at beginning	9 439	9 439	7 518	7 518
Units issued	2 077	2 077	1 923	1 923
Units cancelled	(7)	(7)	(2)	(2)
Balance at year-end	11 509	11 509	9 439	9 439

b) Realization value at December 31

	(in thousands of dollars) 1984	1983
Net equity of the Fund according to balance sheet	11 509	9 439
Add:		
Investments		
realization value (Note 3)	12 266	10 087
balance sheet	11 619	9 479
	647	608
Total realization value	12 156	10 047
Unit realization value (in dollars)	$1 056	$1 064

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 304
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 304 of the Caisse de dépôt du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examinaion was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 304 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 311
BALANCE SHEET
as at December 31, 1984
(in thousands of dollars)

	1984	1983
	(Note 1)	
ASSETS		
Investments (Note 3)		
Bonds	349 974	456 891
Shares and convertible securities	279 316	308 332
Mortgage financing	315 551	429 259
Real estate investments	2 444	2 635
Short-term securities	448	558
Demand deposits in the General Fund	23 436	49 457
	971 169	1 247 132
Investment earnings, accrued and receivable	16 347	21 285
Other assets		9
	987 516	1 268 426
LIABILITIES		
Net revenue payable to depositor (Note 4)	24 758	30 509
Transactions under settlement	467	875
Other liabilities	2 547	3 196
	27 772	34 580
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 5)	959 744	1 233 846
	987 516	1 268 426

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 311
REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
	(Note 1)	
REVENUE		
Investment earnings		
Interest on bonds	53 845	52 386
Dividends, interest on convertible securities	14 109	11 966
Interest on mortgage financing	49 514	48 598
Interest on short-term securities	72	58
Interest on deposits in the General Fund	7 495	6 951
	125 035	119 959
Profit and loss on the sale of securities	2 688	6 961
Other revenue	127	15
	127 850	126 935
EXPENDITURE		
Administration	1 625	1 621
Net revenue (Note 4)	126 225	125 314

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 311
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Identification

The depositor of the Caisse's Individual Fund 311 is the supplemental pension plan for the employees of the Québec construction industry, active and retired contributors, administered by the Office de la construction du Québec.

Up to November 30, 1984, the equity of the holder of participation deposits in Individual Fund 311 included the equity of active and retired participants in the plan. On December 1, 1984, pursuant to its regulations and an agreement entered into with the depositor, the Caisse de dépôt transferred the share of Fund 311 attributable to retired participants to Fund 312. The book value of the net asset components transferred amounted to $378 624 000. This transfer enabled 378 624 participation units with a value of $1 000 each to be cancelled in Fund 311, and replaced with an equal number of participation units having the same value in Individual Fund 312.

Comparative figures for 1983 have not been restated accordingly

2. Accounting policies

The financial statements of Individual Fund 311 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing , real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

e) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December details as follows:

	(in thousands of dollars) 1984	1983
Bonds	349 148	438 301
Shares and convertible securities	323 938	409 294
Mortgage financing	316 842	431 870
Real estate investments	2 197	1 287
Short-term securities	448	558
Demand deposits in the General Fund	23 436	49 457
	1 016 009	1 330 767

4. Net revenue payable to depositor

Fiscal year flow:

	(in thousands of dollars) 1984	1983
Net revenue payable at beginning	30 509	10 540
Net revenue for the year	126 225	125 314
	156 734	135 854
Paid during the year	131 976	105 345
Net revenue payable at year-end	24 758	30 509

5. Participation deposits

a) Fiscal year flow:

	1984		1983	
	No. of units	(in thousands of dollars)	No. of units	(in thousands of dollars)
Balance at beginning	1 233 846	1 233 846	1 141 042	1 141 042
Units issued	104 722	104 722	92 804	92 804
Units cancelled	(378 824)	(378 824)		
Balance at year-end	959 744	959 744	1 233 846	1 233 846

b) Realization value at December 31:

	(in thousands of dollars) 1984	1983
Net equity of the Fund according to balance sheet	959 744	1 233 846
Add:		
Investments		
realization value (Note 3)	1 016 009	1 330 767
balance sheet	971 169	1 247 132
	44 840	83 635
Total realization value	1 004 584	1 317 481
Unit realization value (in dollars)	$1 047	$1 068

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 311
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 311 of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 311 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 312
BALANCE SHEET
as at December 31, 1983
(in thousands of dollars)

	December 31, 1984	December 1, 1984 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	133 491	125 780
Shares and convertible securities	110 129	110 018
Mortgage financing	135 202	122 856
Real estate investments	1 631	1 631
Short-term securities	177	177
Demand deposits in the General Fund	2 611	19 363
	383 241	379 825
Investment earnings, accrued and receivable	5 593	5 241
	388 834	385 066
LIABILITIES		
Net revenue payable to depositor (Note 4)	9 759	6 286
Transactions under settlement	181	(82)
Other liabilities	270	238
	10 210	6 442
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 5)	378 624	378 624
	388 834	385 066

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 312
REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1984
(in thousands of dollars)

REVENUE	
	(Note 1)
Investment earnings	
Interest on bonds	1 348
Dividends, interest on convertible securities	664
Interest on mortgage financing	1 337
Interest on short-term securities	2
Interest on deposits in the General Fund	99
	3 450
Profit and loss on the sale of securities	51
	3 501
EXPENDITURE	
Administration	28
Net revenue (Note 4)	3 473

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 312
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

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1. Identification

The depositor of the Caisse's Individual Fund 312 is the supplemental pension plan for the employees of the Québec construction industry, retired contributors, administered by the Office de la construction du Québec.

Up to November 30, 1984, the equity of the holder of participation deposits in Individual Fund 311 included the equity of active and retired participants in the plan. On December 1, 1984, pursuant to its regulations and an agreement entered into with the depositor, the Caisse de dépôt transferred the share of Fund 311 attributable to retired participants to Fund 312. The book value of the net asset components transferred amounted to $378 624 000. This transfer enabled 378 624 participation units with a value of $1 000 each to be cancelled in Fund 311, and replaced with an equal number of participation units having the same value in Individual Fund 312.

2. Accounting policies

The financial statements of Individual Fund 312 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing, real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

e) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December details as follows:

	(in thousands of dollars)
Bonds	133 011
Shares and convertible securities	127 731
Mortgage financing	136 005
Real estate investments	1 500
Short-term securities	177
Demand deposits in the General Fund	2 611
	401 035

4. Net revenue payable to depositor

Monthly flow	(in thousands of dollars)
Net revenue payable at December 1, 1984	6 286
Net revenue for the month	3 473
Net revenue payable at December 31, 1984	9 759

5. Participation deposits

a) Monthly flow

	No. of units	(in thousands of dollars)
Balance at December 1 and 31, 1984 (Note 1)	378 624	378 624

b) Realization value at December 31	(in thousands of dollars)
Net equity of the Fund according to balance sheet	378 624
Add:	
Investments	
realization value (Note 3)	401 035
balance sheet	383 241
	17 794
Total realization value	396 418
Unit realization value (in dollars)	$1 047

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 312
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 312 of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure fot the one-month period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 312 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the one-month period then ended in accordance with the accounting policies disclosed in Note 2.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 313
BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Note 3)		
Bonds	25 957	21 264
Shares and convertible securities	6 632	
Short-term securities	979	
Demand deposits in the General Fund	405	1 102
	33 973	22 366
Investment earnings accrued and receivable	588	541
	34 561	22 907
LIABILITIES		
Net revenue payable to depositor (Note 4)	883	579
Transactions under settlement	147	
	1 030	579
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 5)	33 531	22 328
	34 561	22 907

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 313
REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	2 435	1 440
Interest and dividends on convertible securities	113	
Interest on short-term securities	76	
Interest on deposits in the General Fund	346	235
	2 970	1 675
Profit and loss on the sale of securities	68	14
	3 038	1 689
EXPENDITURE		
Administration	16	9
Net revenue (Note 4)	3 022	1 680

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 313
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Identification

The depositor of the Caisse's Individual Fund 313 is the supplemental pension plan for employees of the Québec construction industry — additionnal contributions, administered by the Office de la construction du Québec.

2. Conventions comptables

The financial statements of Individual Fund 313 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

e) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December 31 details as follows:

	(in thousands of dollars) 1984	1983
Bonds	26 489	21 275
Shares and convertible securities	6 964	
Short-term securities	979	
Demand deposits in the General Fund	405	1 102
	34 837	22 377

4. Net revenue payable to depositor

Fiscal year flow	(in thousands of dollars) 1984	1983
Net revenue payable at beginning	579	46
Net revenue for the year	3 022	1 680
	3 601	1 726
Paid during the year	2 718	1 147
Net revenue payable at year-end	883	579

5. Participation deposits

a) Fiscal year flow

	1984		1983	
	No. of units	(in thousands of dollars)	No. of units	(in thousands of dollars)
Balance at beginning	22 328	22 328	5 095	5 095
Units issued	11 203	11 203	17 233	17 233
Balance at year-end	33 531	33 531	22 328	22 328

b) Realization value at December 31	(in thousands of dollars) 1984	1983
Net equity of the Fund according to balance sheet	33 531	22 328
Add:		
Investments		
realization value (Note 3)	34 837	22 377
balance sheet	33 973	22 366
	864	11
Total realization value	34 395	22 339
Unit realization value (in dollars)	$1 026	$1 000

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 313
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 313 of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 313 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 330
BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Investments (Notes 3 and 4)		
Bonds	1 163 420	1 147 581
Shares and convertible securities	534 256	441 058
Mortgage financing	83 545	98 480
Short-term securities	1 603	1 431
Demand deposits in the General Fund	107 008	48 694
	1 889 832	1 737 244
Investment earnings, accrued and receivable	34 104	32 283
	1 923 936	1 769 527
LIABILITIES		
Net revenue payable to depositor (Note 5)	54 315	39 729
Transactions under settlement		314
Other liabilities	2 987	579
	57 302	40 622
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 6)	1 866 634	1 728 905
	1 923 936	1 769 527

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 330
REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Investment earnings		
Interest on bonds	126 750	117 578
Dividends, interest on convertible securities	21 321	15 644
Interest on mortgage financing	13 259	10 739
Interest on short-term securities — net	1 530	113
Interest on deposits in the General Fund	9 074	14 645
	171 934	158 719
Profit and loss on the sale of securities	5 339	(1 934)
Other revenue	3	
	177 276	156 785
EXPENDITURE		
Administration	1 182	1 022
Net revenue (Note 5)	176 094	155 763

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 330
NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Identification

The depositor of the Caisse's Individual Fund 330 is the Commission de la santé et de la sécurité du travail.

2. Accounting policies

The financial statements of Individual Fund 330 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing and short-term securities are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the sharholder record.

d) Interest on short-term securities — net

This item includes interest earnings on short-term securities as well as gains and losses on currency exchange.

e) Foreign currency exchange

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Long-term investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate during each quarter of the fiscal year.

f) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds according to the weighted assets of each.

g) Participation deposits

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the securities for purposes of the withdrawal.

3. Realization value of investments

The realization value of investments at December 31 details as follows:

	(in thousands of dollars) 1984	1983
Bonds	1 118 780	1 081 173
Shares and convertible securities	612 612	558 628
Mortgage financing	85 175	102 216
Short-term securities	1 603	1 431
Demand deposits in the General Fund	107 008	48 694
	1 925 178	1 792 142

4. Investments in foreign currencies

Investments include securities in foreign currencies whose value at December 31 was as follows:

(in thousands of Canadian dollars)

	1984		1983	
	Book value	Realization value	Book value	Realization value
Bonds	90 858	94 361	87 050	86 284
Shares	35 265	35 379	4 612	4 822
	126 123	129 740	91 662	91 106

The exchange position exposure on bonds and short-term securities is covered by futures contracts whose value at maturity totalled C $91 001 000 at December 31, 1984.

5. Net revenue payable to depositor

Fiscal year flow	(in thousands of dollars) 1984	1983
Net revenue payable at beginning	39 729	28 558
Net revenue for the year	176 094	155 763
	215 823	184 321
Paid during the year	161 508	144 592
Net revenue payable at year-end	54 315	39 729

6. Participation deposits

a) Fiscal year flow

	1984		1983	
	No. of units	(in thousands of dollars)	No. of units	(in thousands of dollars)
Balance at beginning	1 728 905	1 728 905	1 437 587	1 437 587
Units issued	197 729	197 729	291 318	291 318
Units cancelled	(60 000)	(60 000)		
Balance at year-end	1 866 634	1 866 634	1 728 905	1 728 905

b) Realization value at December 31	(in thousands of dollars) 1984	1983
Net equity of the Fund according to balance sheet	1 866 634	1 728 905
Add:		
Investments		
realization value (Note 3)	1 925 178	1 792 142
balance sheet	1 889 832	1 737 244
	35 346	54 898
Total realization value	1 901 980	1 783 803
Unit realization value (in dollars)	$1 019	$1 032

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2 and amendments

INDIVIDUAL FUND 330
AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 330 of the Caisse de dépôt et placement du Québec as at December 31, 1984 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and financial transactions of Individual Fund 330 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

R.S.Q., c. C-8

BALANCE SHEET
as at March 31, 1985

	1985	1984 (Note 7)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$5 938 740	$4 802 280
Accounts receivable and accrued interest	2 608 633	1 323 873
Contract projects to invoice	1 058 178	817 685
Inventories — at cost	86 619	81 888
Prepaid expenses	183 219	163 099
	9 875 389	7 188 825
FIXED ASSETS — AT COST (Note 3)	21 103 537	16 574 385
	$30 978 926	$23 763 210
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$2 730 066	$1 610 956
Deposits and advances:		
on contracts projects	1 266 097	770 395
Other	189 215	162 193
	4 185 378	2 543 544
EQUITY	26 793 548	21 219 666
	$30 978 926	$23 763 210

On behalf of the Board of Directors,

Denise Martin
Guy Bertrand, Engineer

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

EQUITY
for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING	$21 219 666	$16 354 328
Surplus revenue over expenditure	1 044 730	1 389 915
Acquisition of fixed assets recorded during the year	5 200 065	3 634 769
Disposal of fixed assets written off during the year	(670 913)	(159 346)
BALANCE AT YEAR-END	$26 793 548	$21 219 666
Represented by:		
Funds available for current operations	$5 690 011	$4 645 281
Investments in fixed assets	21 103 537	16 574 385
	$26 793 548	$21 219 666

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985	1984 (Note 7)
EXPENDITURES (Note 4)		
General management	$128 816	$126 866
General secretariat and administrative services	4 006 511	3 085 884
Technological information	2 227 004	1 789 256
Commercialization	2 379 859	2 004 703
Research and development	10 260 610	8 619 225
	19 002 800	15 625 934
Acquisition of fixed assets	5 200 065	3 634 769
Proceeds upon disposal of fixed assets	(387 754)	(38 602)
	23 815 111	19 222 101
REVENUE		
Projects under contract	7 734 013	5 413 840
Interest on bank deposits	1 061 716	701 869
Other	334 112	196 307
	9 129 841	6 312 016
SURPLUS EXPENDITURE OVER REVENUE	14 685 270	12 910 085
GOVERNMENT OF QUÉBEC CONTRIBUTION (Note 5)	15 730 000	14 300 000
SURPLUS CONTRIBUTION AND REVENUE OVER EXPENDITURE	$1 044 730	$1 389 915

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

Constituted under a special Act, the Centre de recherche industrielle du Québec is a corporation within the meaning of the Civil Code and is responsible for carrying on applied science research, developing processes and products for industry, and gathering and disseminating technological and industrial information.

2. Accounting policies

The financial statements presented make use of the accrual method, taking into consideration the following particular practices:

Fixed assets

The acquisition of fixed assets is charged to operating expenses; nonetheless, these items appear under assets and equity at their cost price and are not amortized.

Projects under contract

Projects under contract are recorded at the lesser of costs incurred and those recovered under the terms of agreements.

3. Fixed assets

	1985	1984
Land and buildings	$11 735 828	$8 273 278
Laboratory equipment	7 732 380	6 891 691
Office furniture	1 355 202	1 147 619
Laboratory furniture	94 570	93 545
Audiovisual equipment	133 978	117 526
Rolling stock	51 579	50 726
	$21 103 537	$16 574 385

4. Expenses by category

	1985	1984
Wages, salaries and fringe benefits	$12 625 318	$10 942 717
Other employment expenses	422 808	229 101
Travel expenses	727 213	582 379
Stationery and office supplies	516 266	451 395
Equipment rental and maintenance	246 597	140 216
Laboratory supplies	1 111 971	762 390
Services	1 531 712	1 063 411
Building use	1 705 627	1 410 643
Sundry	31 982	30 337
Bad debts	83 306	13 345
	$19 002 800	$15 625 934

5. Government of Québec contribution

The Minister of Finance is authorized to pay the Centre a total of $85 000 000 over the period April 1, 1982 to March 31, 1987 in one or more installments, the amount and terms of which are determined by the Government. Payment for fiscal 1985-1986 cannot be less than $17 303 000 and for each subsequent year must be at least equal to that paid during the preceding one, indexed at the rate of 10%, until the total allotment of $85 million has been paid. At March 31, 1985, the balance payable by the Minister of Finance was $41 970 000.

6. Expansion project

A research centre is under construction in Montréal. The anticipated investment amounts to $21 000 000, including the land, building and equipment. About half of this investment will be paid for from the Centre's equity, and the balance will be financed from outside sources. During fiscal 1985, contracts were awarded for a value of $10 059 700 and $3 686 900 worth of work was performed.

7. Comparative figures

Certain figures for 1984 have been restated to make them consistent with the presentation adopted in 1985.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

R.S.Q., c. C-8

AUDITOR'S REPORT

I have examined the balance sheet of the Centre de recherche industrielle du Québec as at March 31, 1985 and the statement of revenue and expenditure and that of equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial situation of the Centre as at March 31, 1985 and its operating results for the year then ended, in accordance with accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 17, 1985

CENTRE QUÉBÉCOIS POUR L'INFORMATISATION DE LA PRODUCTION (CQIP)

R.S.Q., c. D-9.1

BALANCE SHEET

as at March 31, 1985

ASSETS

OPERATING FUND

CURRENT ASSETS	
Government grants receivable	$100 000

FIXED ASSETS FUND (Note 2)

FIXED ASSETS, at cost	
Furniture and office equipment	$60 724
Telephone system	19 907
Leasehold improvements	7 506
	$88 137

LIABILITIES

OPERATING FUND

CURRENT LIABILITIES	
Bank overdraft	$28 621
Bank loan	48 000
Accounts payable and accrued expenses	36 044
	112 665
DEFICIT	(12 665)
	$100 000

FIXED ASSETS FUND

CAPITAL	$88 137

On behalf of the Board of Directors,

A. Roland Dugré, Director
Clifford Baronnet, Director

CENTRE QUÉBÉCOIS POUR L'INFORMATISATION DE LA PRODUCTION (CQIP)

STATEMENTS OF RECEIPTS, EXPENDITURE AND DEFICIT

for the ten-month period ending March 31, 1985

RECEIPTS	
Grants	$300 000
Interest	7 794
	307 794
EXPENDITURES	
Administration (appendix)	193 934
Communications	28 777
Acquisition of fixed assets (Note 2)	88 137
Conferences	9 611
	320 459
SURPLUS OF EXPENDITURES OVER RECEIPTS AND DEFICIT AT THE END OF THE PERIOD	$12 665

NOTES TO FINANCIAL STATEMENTS

March 31, 1985

1. Constitution

The corporation is a non-profit organization incorporated June 6, 1984 under section 12 of the Act to promote the advancement of science and technology in Québec.

Letters patent issued to the corporation will be cancelled March 31, 1989, unless the Government of Québec decides to extend them.

2. Specific accounting policy

Fixed assets are charged entirely to expenditures for the period during which they are acquired. However, to provide continuity and control over acquisitions, these fixed assets are recorded in a Fixed Assets Fund.

3. Commitment

The corporation has entered into a commitment under a lease, which will expire October 31, 1987, to pay a minimum annual rent of $42 787.

CENTRE QUÉBÉCOIS POUR L'INFORMATISATION DE LA PRODUCTION (CQIP)

APPENDIX

EXPENDITURES

for the ten-month period ending March 31, 1985

Administration	
Wages, salaries and fringe benefits	$119 502
Fees	32 588
Rent	18 838
Supplies	20 283
Maintenance	865
Interest and bank charges	1 858
	$193 934

CENTRE QUÉBÉCOIS POUR L'INFORMATISATION DE LA PRODUCTION (CQIP)

AUDITORS' REPORT

To the Chairman of the Board of Directors
Centre québécois pour l'informatisation de la production (CQIP)

We have examined the balance sheet of the Centre québécois pour l'informatisation de la production (CQIP) at March 31, 1985, as well as the statement of receipts, expenditures and deficit for the ten-month period ending at that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we deemed necessary under the circumstances. We received all the information and explanations we requested.

In our opinion, and as best we could determine from the information and explanations supplied to us, and based on what is shown in the books of the corporation, these financial statements accurately present the financial position of the Centre at March 31, 1985, and its operating results for the ten-month period ending on that date, according to generally accepted accounting policies.

Charette, Fortier, Harvey & Co.,
Touche Ross & Co.,
Chartered Accountants

Montréal (Québec), June 13, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NET DISPOSABLE ASSETS

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	3 856 505	3 230 272
Deposits with the Bureau général des dépôts of the ministère des Finances	4 013	3 343
Funds of certain supplemental pension plans, in process of transfer	853	1 429
Employer contributions receivable from the Government of Québec and accrued interest (Note 4)	4 593 648	3 876 049
Employer and employee contributions receivable from public agencies	30 184	31 681
Amounts receivable — transfers and purchase of years of service	1 932	2 785
	8 487 135	7 145 559
LIABILITIES		
Management fees, pensions, contribution refunds and transfers payable	9 768	3 930
Excess contributions to be reimbursed	6 656	6 205
Funds received from a supplemental pension plan not yet integrated		3 431
	16 424	13 566
NET DISPOSABLE ASSETS (Note 5)	8 470 711	7 131 993

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

CHANGE IN NET DISPOSAL ASSETS

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984		1983	
INCREASES				
Employee contributions (including transfers and purchase of years of service)		316 397		295 199
Transfer of certain supplemental pension plans' funds in return for pension credits		2 474		285
Government of Québec participation				
Employer contributions	300 480		283 303	
Interest	436 109		370 442	
Pensions, contribution refunds and transfer of past service upon entry into the Plan	11 853	748 442	8 236	661 981
Contributions of other employers		14 403		12 206
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)		365 162		307 954
Other interest income		437		688
		1 447 315		1 278 313
DECREASES				
Payments to participants:				
General Plan				
Pensions and life annuities		43 330		27 335
Contribution refunds		60 168		47 094
Contribution transfers, including interest		2 179		655
Integrated supplemental pension plans				
Life annuities		2 351		1 838
Contribution refunds		410		533
Contribution transfers, including interest		159		62
		108 597		77 517
NET INCREASE FOR THE YEAR		1 338 718		1 200 796
NET DISPOSABLE ASSETS AT THE BEGINNING		7 131 993		5 931 197
NET DISPOSABLE ASSETS AT YEAR-END		8 470 711		7 131 993

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

at December 31, 1984

1. The plan and its funding

General

The Government and Public Employees Retirement Plan is a partially-determined pension plan providing guaranteed payments in the event of death or retirement. It also allows for contribution refunds with interest, under certain conditions.

Since July 1, 1973, employees of the Government and eligible public agencies who do not participate in any other pension plan must join the Plan. Certain other employee groups, as defined by regulation, may also be Plan participants.

Funding

Employee contributions cover half of the total cost of the Plan, with the Government and other employers responsible for the balance.

Prior to July 1, 1982, employee contributions covered 5/12 of Plan costs, with the Government and other employers making up the remainder.

2. Accounting policies

The financial statements of the Government and Public Employees Retirement Plan were prepared by management according to widely recognized accounting principles. In the opinion of management, these statements were properly drawn up, given the framework and relative importance of accounting practice summarized as follows:

a) Participation deposits in individual funds of the Caisse de dépôt et placement du Québec are recorded at cost.

b) Employee contributions held by agents at December 31 and turned over to the Commission during the subsequent fiscal year are included in the year's totals.

3. Funds entrusted to the Caisse de dépôt et placement du Québec

(in thousands of dollars)

	1984				1983
	Employees' funds	Employers' funds	SPP* funds	Total	Total
Participation deposits in individual funds (realization value 1984, $4 064 474; 1983, $3 567 245)	3 493 903	128 843	119 747	3 742 493	3 138 995
Units	3 493 903	128 843	119 747	3 742 493	3 138 995
Demand deposits in the General Fund	6 224	600	632	7 456	6 882
Accrued interest	82	3	1	86	112
Separately-managed portfolios					5 460
Revenue receivable from segregated funds	100 050	3 428	2 992	106 470	78 823
Revenue receivable from individual funds	3 600 259	132 874	123 372	3 856 506	3 230 272

* Supplemental pension plans

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

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4. EMPLOYER CONTRIBUTIONS RECEIVABLE FROM THE GOVERNMENT OF QUÉBEC AND ACCRUED INTEREST

At December 31, 1984, the amount of $4 593 648 000 ($3 876 049 000 at December 31, 1983) represents commitments of the Government toward the plan as employer and those it assumes on behalf of other public sector employers, plus related interest accrued to that date. These commitments will be made good under terms set forth in the Act. The item does not include the current value of commitments ($1 015 678 000 and $28 190 000) to which Note 5 refers.

5. Plan commitments to participating employees

The actuarial service of the Commission conducted a valuation of the Plan in 1983. According to that valuation, Plan commitments at December 31, 1981 amounted to $4 623 185 000, calculated according to the "level premium capitalization" method.

The following obligations, which are the responsibility of the Government of Québec, must be added to these commitments:

a) obligations related to years of service transferred to the plan with respect to employees previously covered by the Teachers Pension Plan and to the Civil Service Superannuation Plan;

b) obligations in regard to pension credits granted to certain retirees of the social affairs sector;

c) the actuarial deficiency of obligations resulting from the transfer of certain supplemental pension plans.

According to the actuarial valuations produced by the actuarial service of the Commission in 1981, the actuarial obligations of items a) and b) totalled $762 655 000 at December 31, 1981. At the same date, the actuarial commitments related to supplemental pension plans totalled $119 449 000, including the actuarial deficiency (item c)) of $28 190 000.

The actuarial service also estimated the actuarial commitments at December 31, 1984. These commitments amounted to $8 405 231 000 with respect to GPERP, and $1 015 678 000 with respect to items a), b) and c) of this Note.

In the opinion of the actuarial service, these estimates should provide a sufficient reserve in view of the commitments entered into for all benefits vested as of December 31, 1984. These estimates were established on the basis of facts known at the time the financial statements were prepared.

6. Revenue from funds entrusted to the Caisse de dépôt et placement du Québec
(in thousands of dollars)

	1984				1983
	Employees' funds	Employers' funds	SPP* funds	Total	Total
Revenue from participation deposits in individual funds	339 809	12 987	10 919	363 715	306 039
Interest on deposits in the General Fund: demand	1 186	56	42	1 284	1 299
Revenue from separately-managed portfolios			165	165	621
	340 995	13 043	11 126	365 164	307 959
Management and safekeeping charges			2	2	5
	340 995	13 043	11 124	365 162	307 954

* Supplemental pension plans

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

ACTUARIAL CERTIFICATE

concerning commitments of the Government and Public Employees Retirement Plan

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We have performed a valuation of the future payments in regard to pensions in the course of payment, pensions pending and vested benefits for participants who are still employed.

In our opinion, the amount of the actuarial commitments of the Government and Public Employees Retirement Plan described in the first paragraph of Note 5 of these financial statements constitutes a reserve sufficient to cover these payments.

Such obligations, arising from the actuarial valuation at December 31, 1981 amount to $4 623 185 000 on that date. Those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud Longchamps, F.S.A., F.I.C.A.
Director, Actuarial service and collective contracts

Pierre-Yves Julien, F.S.A., F.I.C.A.
Chief, Actuarial service of the Commission

Québec, March 20, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the Government and Public Employees Retirement Plan as at December 31, 1984 and the statement of change in net disposable assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have relied on the opinion of Commission actuaries as concerns the actuarial liability of the Government and Public Employees Retirement Plan.

In my view, based on the audit and the actuaries' opinion, these financial statements present fairly the net disposable assets of the Plan as at December 31, 1984 and the change in net disposable assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, March 29, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RECEIPTS AND OUTLAYS

for the fiscal year ended December 31, 1984 for the following plans

RECEIPTS

	Employees' contributions		Employers' contributions		Total Receipts (paid to the Consolidated Revenue Fund)	
	1984	1983	1984	1983	1984	1983
Teachers Pension Plan	$100 813 824	$101 399 803	$376 673	$313 262	$101 190 497	$101 713 065
Civil Service Superannuation Plan	43 055 586	46 186 489	22 568 947	22 525 525	65 624 533	68 712 014
Pension plan for members of the Sûreté du Québec	11 140 594	11 634 949			11 140 594	11 634 949
Pension plan for Members of the National Assembly	568 741	550 719			568 741	550 719
Retirement and pension plan for judges (1978)	1 556 433	1 505 868			1 556 433	1 505 868
	$157 135 178	$161 277 828	$22 945 620	$22 838 787	$180 080 798	$184 116 615

OUTLAYS

	Pensions and life annuities paid		Contribution refunds and transfers		Total Outlays (paid to the Consolidated Revenue Fund)	
	1984	1983	1984	1983	1984	1983
Teachers Pension Plan	$202 590 975	$172 842 698	$2 556 771	$3 057 411	$205 147 746	$175 900 109
Civil Service Superannuation Plan	141 478 911	126 579 626	818 695	647 384	142 297 606	127 227 010
Pension plan for the members of the Sûreté du Québec	9 740 775	8 126 918	265 591	108 475	10 006 366	8 235 393
Pension plan for Members of the National Assembly	3 878 299	3 699 964	3 220		3 881 519	3 699 964
Retirement and pension plan for judges (1978)	2 103 538	1 601 645	15 446		2 118 984	1 601 645
Pension plan for judges and coroners	2 376 281	2 426 467			2 376 281	2 426 467
Pension plan for commissioners of the Commission des valeurs mobilières du Québec	107 349	112 851			107 349	112 851
Retirement protection plan for certain teachers	1 813 980	1 526 011			1 813 980	1 526 011
Special pensions	69 056	80 107			69 056	80 107
	$364 159 164	$316 996 287	$3 659 723	$3 813 270	$367 818 887	$320 809 557

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

NOTES TO FINANCIAL STATEMENTS

at December 31, 1984

1. Pension plans and their funding

General

The Commission administrative des régimes de retraite et d'assurances is responsible for administering the following pension plans:

The Teachers Pension Plan
(R.S.Q., c. R-11 and amendments)
The Civil Service Superannuation Plan
(R.S.Q., c. R-12 and amendments)
The pension plan for members of the Sûreté du Québec
(R.S.Q., c. P-13 and amendments)
The pension plan for Members of the National Assembly
(R.S.Q., c. L-1) and
(R.S.Q., c. C-52.1 and amendments)
The pension plan for judges and coroners
(R.S.Q., c. T-16 and amendments)
The retirement and pension plan for judges (1978)
(R.S.Q., c. T-16 and amendments)
The pension plan for commissioners of the Commission des valeurs mobilières du Québec
(R.S.Q., c. V-1)
The retirement protection plan for certain teachers
(Statutes of Québec, 1978, c. 16)
special pension plans (R.S.Q. c. P-32, Statutes of Québec, 1970, c. 6; 1978, c. 18 and Orders-in-Council 1967-71, 378-73)

Generally speaking, these are partially defined benefit plans and provide guaranteed payments on retirement or death.

Funding

The pension plan for judges and coroners and that of commissioners of the Commission des valeurs mobilières du Québec, as well as the retirement protection plan for certain teachers and the special plans are non-contributory. Contribution rates for the other pension plans mentioned above usually range between 7 % and 10 % of employees' pensionable earnings.

2. Accounting policies

Employees' contributions (including redemptions, transfers, interest, less overcontributions), are recorded on a cash basis, as are the contributions of other public employers (including interest). Amounts held by agents at December 31 and turned over to the Commission during the following fiscal year are not included in receipts for the current period. Pensions and life annuities, as well as contribution refunds or transfers and interest, are also recorded on the same basis.

In accordance with the Acts and Orders-in-Council governing the pension and retirement protection plans, receipts are turned over by the Commission to the Consolidated Revenue Fund, from which outlays are made as well.

3. PLAN COMMITMENTS TOWARD PARTICIPANTS AND EMPLOYER OBLIGATIONS TOWARD THE PLANS

According to actuarial valuations based on population data at December 31, 1981, the Government's liability toward claimants under the plans covered by these statements amounted to $9 640 785 000 on that date.

The Commission's actuarial service estimates the actuarial liability of the plan at December 31, 1984 to be in the order of $13 455 616 000, which details as follows:

	(in thousands of dollars)
The Teachers Pension Plan	8 288 403
The Civil Service Superannuation Plan	3 900 372*
The pension plan for members of the Sûreté du Québec	1 040 729**
The pension plan for Members of the National Assembly	91 006
The pension plan for commissioners of the Commission des valeurs mobilières du Québec The pension plan for judges and coroners The retirement and pension plan for judges (1978)	99 671
The retirement protection plan for certain teachers	35 435
	13 455 616

* To December 31, 1984, $43 517 000 out of a total receivable of $196 476 000 at December 31, 1977 from certain agencies had been turned over to the Commission for payment to the Consolidated Revenue Fund for the cost of past service.

In addition, with the integration of Office des autoroutes du Québec operations at April 1, 1982, the Government assumes the pension liabilities of that agency toward the Civil Service Superannuation Plan. To that end, the amount receivable for the cost of past service was reduced by $9 554 600, with a corresponding debit to the Government's pension account.

The balance owed including interest will be paid in annual installments through the year 2000 at the latest.

** Does not include commitments of $27 656 000 established at December 31, 1981 for additional past service whose cost is the responsibility of plan participants.

In the opinion of the actuarial service, this estimate should be sufficient provision to cover commitments for total funded benefits to December 31, 1984 based on available information at time these statements were prepared.

4. Other information

Under terms of agreed proposals, participants of certain pension plans made a commitment to redeem pension credits for past service.

Participants' commitments at the end of the fiscal year amount to about $519 200 toward the Teachers Pension Plan, $1 207 100 toward the Civil Service Superannuation Plan, $8 200 toward the pension plan for members of the Sûreté du Québec, $22 800 toward the pension plan for Members of the National Assembly and $1 359 400 toward the retirement and pension plan for judges (1978).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

ACTUARIAL CERTIFICATE

Concerning commitments of:

THE TEACHERS PENSION PLAN
THE CIVIL SERVICE SUPERANNUATION PLAN
THE PENSION PLAN FOR MEMBERS OF THE SÛRETÉ DU QUÉBEC
THE PENSION PLAN FOR MEMBERS OF THE NATIONAL ASSEMBLY
THE PENSION PLAN FOR JUDGES AND CORONERS
THE RETIREMENT AND PENSION PLAN FOR JUDGES (1978)
THE PENSION PLAN FOR COMMISSIONERS OF THE COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC
THE RETIREMENT PROTECTION PLAN FOR CERTAIN TEACHERS

We have performed a valuation of the future payments in regard to pensions in the course of payment, pensions pending, and vested benefits for participants who are still employed.

In our opinion, the amount of the actuarial commitments of the above-mentioned plans described in the first paragraph of Note 3 of these financial statements constitutes a reserve sufficient to cover these payments.

Such obligations, arising from the actuarial valuation at December 31, 1981 amount to $9 640 785 000 on that date. In my opinion, those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud Longchamps, F.S.A., F.I.C.A.
Director, Actuarial service and collective contracts

Pierre-Yves Julien, F.S.A., F.I.C.A.
Chief, Actuarial service of the Commission

Québec, March 20, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

AUDITOR'S REPORT

I have examined the statement of receipts and outlays for the year ended December 31, 1984 by the following:

THE TEACHERS PENSION PLAN
THE CIVIL SERVICE SUPERANNUATION PLAN
THE PENSION PLAN FOR MEMBERS OF THE SÛRETÉ DU QUÉBEC
THE PENSION PLAN FOR MEMBERS OF THE NATIONAL ASSEMBLY
THE PENSION PLAN FOR JUDGES AND CORONERS
THE RETIREMENT AND PENSION PLAN FOR JUDGES (1978)
THE PENSION PLAN FOR COMMISSIONERS OF THE COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC
THE RETIREMENT PROTECTION PLAN FOR CERTAIN TEACHERS AND
SPECIAL PENSION PLANS

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I relied on the opinion of the actuaries of the Commission as concerns the actuarial liability of the aforesaid plans.

In my opinion, the financial statements present fairly the receipts and outlays of these plans for the year ended December 31, 1984 in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, March 26, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

R.S.Q., c. R-16 and amendments

NET DISPOSABLE ASSETS

as at December 31, 1984

	1984	1983
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$11 877 491	$9 706 633
Deposits with the Bureau général des dépôts of the ministère des Finances	47 915	16 690
Contributions receivable	135 841	9 828 460
	12 061 247	9 828 460
LIABILITIES		
Pensions and contribution refunds payable	94 870	8 054
NET DISPOSABLE ASSETS (Note 4)	$11 966 377	$9 820 406

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

CHANGE IN NET DISPOSABLE ASSETS
for the fiscal year ended December 31, 1984

	1984		1983	
INCREASES				
Participants' contributions				
Contributions for current service	$503 934		$460 816	
Redemption and transfer of past service	59 865	$563 799	69 823	$530 639
Municipalities' contributions				
Contributions for current service	709 988		626 850	
Redemption and transfer of past service	88 229	798 217	141 740	768 590
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 5)		1 198 758		1 107 610
		2 560 774		2 406 839
DECREASES				
Pensions	203 261		151 051	
Contribution refunds and transfers, including interest	211 542	414 803	182 991	334 042
NET INCREASE FOR THE YEAR		2 145 971		2 072 797
NET DISPOSABLE ASSETS AT THE BEGINNING		9 820 406		7 747 609
NET DISPOSABLE ASSETS AT YEAR-END		$11 966 377		$9 820 406

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

NOTES TO FINANCIAL STATEMENTS

at December 31, 1984

1. The plan and its funding

General

The pension plan for mayors and municipal councillors is an undefined benefit plan subject to the Act respecting retirement plans for the mayors and councillors of municipalities. The Act guarantees the payment of retirement and death benefits. It also provides for the refund of contributions and accrued interest under certain conditions.

The pension plan is open to members of a municipal council that votes a by-law to join the plan. A year of service is credited for each year of participation.

Funding

A plan participant contributes at the rate of 5.5 % of pensionable earnings and may pay a supplementry contribution. The municipality contributes at the rate of 8 % of a participant's remuneration.

2. Accounting policies

The financial statements of the pension plan for mayors and municipal councillors were prepared by management on the basis of widely recognized accounting principles. In the opinion of management, the statements were properly drawn up, given the framework and relative importance of accounting practice summarized as follows:

a) participation deposits in individual funds of the Caisse de dépôt et placement du Québec are recorded at cost;

b) participants' contributions held on December 31 by municipalities and the corresponding municipalities' share turned over to the Commission during the next fiscal year are recorded as contributions for the year.

3. Funds entrusted to the Caisse de dépôt et placement du Québec

	1984	1983
Participation deposits in an Individual fund (realization value 1984, $12 155 832; 1983, $10 047 428)	$11 509 000	$9 439 000
Units	11 509	9 439
Demand deposits in the General Fund	$42 692	$7 738
Individual fund revenue receivable	$325 799	$259 895
	$11 877 491	$9 706 633

4. Plan commitments towards participants

Being an undefined benefit plan, commitments with respect to guarantee payments to participants correspond to the plan's net disposable assets.

5. Revenue from funds entrusted to the Caisse de dépôt et placement du Québec

	1984	1983
Participation deposits in an individual fund	$1 193 880	$1 104 277
Interest on demand deposits in the General Fund	4 878	3 333
	$1 198 758	$1 107 610

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

R.S.Q., c. R-16

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the pension plan for mayors and municipal councillors as at December 31, 1984 and the statement of change in net disposable assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net disposable assets of the plan as at December 31, 1984 and the change in net available assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, March 7, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS (Note 5)

NET DISPOSABLE ASSETS
as at December 31, 1984

	1984	1983
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$18 662 797	$16 144 455
Deposits with the Bureau général des dépôts of the ministère des Finances	10 956	7 732
Contributions receivable	908 236	798 469
Funds of a pension plan in process of transfer	377 558	318 438
	19 959 547	17 269 094
LIABILITIES		
Pensions, contributions refunds and interest payable	3 907	8 858
NET DISPOSABLE ASSETS (Notes 4 and 5)	$19 955 640	$17 260 236

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of Financial and material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

CHANGE IN NET DISPOSABLE ASSETS
for the fiscal year ended December 31, 1984

	1984		1983	
INCREASES				
Participants' contributions				
Contributions for current service	$436 857		$307 206	
Redemption and transfer of past services, including interest	52 939	$489 796	15 444	$322 650
Agencies' contributions				
Contributions for current service	554 484		476 772	
Redemption and transfer of past services, including interest	42 127	596 611	20 770	497 542
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)		1 892 288		1 742 203
		2 978 695		2 562 395
DECREASES				
Pensions	271 120		167 273	
Contribution refunds and transfers including interest	12 171	283 291	26 889	194 162
NET INCREASE FOR THE YEAR		2 695 404		2 368 233
NET DISPOSABLE ASSETS AT THE BEGINNING		17 260 236		14 892 003
NET DISPOSABLE ASSETS AT YEAR-END		$19 955 640		$17 260 236

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

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1. Special pension plans

The particular pension plans listed in Note 5 were established by the Government. Management of the plans has been conferred on the Commission administrative des régimes de retraite et d'assurances under the Act respecting the Government and Public Employees Retirement Plan. The pension plan for employees of the Côte des Neiges hospital centre, the pension plan for former employees of the city of Montréal-Nord and the pension plan for former employees of the city of Saint-Laurent are partially defined benefit plans while the others are of the defined benefit type.

2. Accounting policies

The financial statements of the special pension plans were prepared by management on the basis of generally recognized accounting principles. In the opinion of management, the statements were properly drawn up, given the framework and relative importance of accounting practice summarized as follows:

a) participation deposits in an individual fund of the Caisse de dépôt et placement du Québec are recorded at cost;

b) employee contributions held on December 31 by agents and turned over to the Commission during the next fiscal year are recorded as contributions for the year.

3. Funds entrusted to the Caisse de dépôt et placement du Québec

	1984	1983
Participation deposits in an individual fund (realization value 1984, $18 983 766, 1983, $16 557 673)	$18 134 000	$15 664 000
Units	18 134	15 664
Demand deposits in the General Fund	$29 865	$32 032
Individual fund revenue receivable	$498 932	$448 423
	$18 662 797	$16 144 455

4. Plan commitments toward participants

An actuarial valuation of the pension plan for employees of the Côte des Neiges hospital centre was carried out by the Commission's actuarial service on the basis of population data at December 31, 1983. The valuation established actuarial commitments of that plan at $15 744 000 on that date, calculated according to the "level premium capitalization" method.

The service also estimated actuarial liabilities of the plan at December 31, 1984 to be $18 051 748.

In the opinion of the actuarial service, the estimate should be sufficient to cover all commitments with respect to pension liabilities at December 31, 1984, based on facts known at the time the financial statements were prepared.

5. NET DISPOSABLE ASSETS OF SPECIAL PENSION PLANS AT DECEMBER 31:

	1984	1983
Pension plan for the president of the Société d'aménagement de l'Outaouais (O.C. 2660-76)	$132 682	$111 982
Pension plan for the chairman of the Conseil de la Communauté régionale de l'Outaouais (O.C. 2661-76)	166 655	143 194
Pension plan for the chairman and managing director of the Commission de transport de la Communauté régionale de l'Outaouais (O.C. 2662-76)	268 906	235 743
Pension plan for the chairman and managing director of the Commission de transport de la Rive-Sud de Montréal (O.C. 3863-76)	45 489	40 801
Pension plan for the chairman and managing director of the Commission de transport de la Ville de Laval (O.C. 4104-76)	63 627	62 849
Pension plan for the chairman of the Comité exécutif de la Communauté urbaine de Québec (O.C. 2-77)	114 241	116 465
Pension plan for employees of the Côte des Neiges hospital centre (O.C. 397-78, 2497-81)	18 051 748	15 842 423
Pension plan for former employees of the city of Montréal-Nord (O.C. 664-81)	644 762	381 745
Pension plan for former employees of the city of Saint-Laurent (O.C. 842-82)	363 009	325 034
Pension plan for former employees of the city of Westmount (O.C. 2174-84)	104 521	
	$19 955 640	$17 260 236

6. Revenue from funds entrusted to the Caisse de dépôt et placement du Québec

	1984	1983
Revenue from participation deposits in an individual fund	$1 887 990	$1 730 805
Interest on demand deposits in the General Fund	4 298	11 398
	$1 892 288	$1 742 203

7. New pension plan

Under the Act respecting the Government and Public Employees Retirement Plan, the Lieutenant-Governor in Council has the power to set up certain pension plans and entrust their administration to the Commission administrative des régimes de retraite et d'assurances. In October 1984, the Pension plan for former employees of the City of Westmount was created by an Order-in-Council in accordance with section 9 of the Act respecting the GPERP, and made retroactive to April 1, 1976.

The city of Westmount passed a resolution according to which it undertook to transfer to the Commission the value of accumulated benefits in the plan in regard to employees who were integrated with the Montréal General Hospital in April 1976. Amounts totaling $59 120 at December 31, 1984, will be transferred to the Commission during the coming year.

In addition, transactions of the Retirement Plan totaling $45 501 with respect to service for period from April 1, 1976 to December 31, 1984 were recorded during the year.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS

ACTUARIAL CERTIFICATE

concerning commitments of the pension plan for employees of the Côte des Neiges hospital centre

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We have performed a valuation of the future payments in regard to pensions in the course of payment, pensions pending, and vested benefits for participants who are still employed.

In our opinion, the amount of the actuarial commitments of the above-mentioned retirement plan described in the first paragraph of Note 4 of these financial statements constitute a reserve sufficient to cover these payments.

Such commitments, arising from the actuarial valuation at December 31, 1983 amount to $15 744 000 on that date. Those commitments are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud Longchamps, F.S.A., F.I.C.A.
Director, Actuarial service and collective contracts

Pierre-Yves Julien, F.S.A., F.I.C.A.
Chief, Actuarial service of the Commission

Québec, March 20, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the special pension plans as at December 31, 1984 and the statement of change in net disposable assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I relied on the opinion of Commission actuaries as concerns the actuarial liability of the pension plan for employees at the Côte de Neiges hospital centre.

In my view, based on the audit and the opinion of the actuaries, these financial statements present fairly the net disposable assets of these plans as at December 31, 1984 and the change in net disposable assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, March 26, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

BASIC LIFE INSURANCE PLAN FOR GOVERNMENT, PUBLIC AND PARAPUBLIC EMPLOYEES
SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL
RECEIPTS AND OUTLAYS

for the fiscal year ended December 31, 1984

	1984	1983
RECEIPTS		
Contributions and premiums paid to the Consolidated Revenue Fund:		
Basic plan — employer premiums	$104 957	$105 904
Supplementary plan — employee premiums	111 755	70 905
	$216 712	$176 809
OUTLAYS		
Benefits paid from the Consolidated Revenue Fund:		
Basic plan	$4 071 600	$3 930 251
Supplementary plan	94 200	103 200
	$4 165 800	$4 033 451

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

NOTES TO FINANCIAL STATEMENTS

at December 31, 1984

1. The insurance plans

The basic life insurance plan for Government employees and those of the public and parapublic sector provides for the payment of death benefits, under certain conditions.

The supplementary life insurance plan applies only to certain employees and pensioners of the Commission de la santé et de la sécurité du travail.

2. Accounting policies

Both plans use the cash basis of accounting.

3. Death benefits payable at December 31, 1984

Death benefits payable at December 31, 1984 amount to approximately $1 450 668 ($1 487 000 at December 31, 1983) under the basic life insurance plan.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

BASIC LIFE INSURANCE PLAN FOR GOVERNMENT, PUBLIC AND PARAPUBLIC EMPLOYEES

SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

AUDITOR'S REPORT

I have examined the statement of receipts and outlays of the basic life insurance plan for Government employees and those of the public and parapublic sector, as well as that of the supplementary life insurance plan for employees and pensioners of the Commission de la santé et de la sécurité du travail for the year ended December 31, 1984. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the receipts and outlays of the insurance plans for the year ended December 31, 1984, in accordance with the accounting policy stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, March 4, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

TRUST FUND CONCERNING THE GROUP INSURANCE PLAN FOR MEMBERS OF THE SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

FINANCIAL MOVEMENTS

for the fiscal year ended December 31, 1984

	1984	1983
CASH AT THE BEGINNING	$238 018	$219 386
Interest collected	27 662	18 632
CASH AT YEAR-END	$265 680	$238 018

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

NOTE TO THE FINANCIAL STATEMENT

at December 31, 1984

Constitution and purpose

The trust fund concerning the group insurance plan was created by the Government following settlement of a grievance filed by the Syndicat des fonctionnaires provinciaux du Québec seeking to uphold the Government's required contribution to the health insurance plan provided for under the terms of the 1968-1971 collective agreement, following the coming into force of the Health Insurance Act.

The fund and the revenue it earns are used, with the agreement of the Syndicat and the Commission, toward premium rebates or the purchase of additional group insurance for the benefit of civil servants and other employees who are members of this union.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

TRUST FUND CONCERNING THE GROUP INSURANCE PLAN FOR MEMBERS OF THE SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

AUDITOR'S REPORT

I have examined the statement of trust fund movements relating to the group insurance plan for members of the Syndicat des fonctionnaires provinciaux du Québec for the year ended December 31, 1984. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial movements of this trust fund for the year ended December 31, 1984.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 20, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

COST OF PENSIONS TO PUBLIC AND PARAPUBLIC EXECUTIVE EMPLOYEES' SURVIVORS
for the fiscal year ended December 31, 1984

	1984	1983
Net cost of premiums (Note 2)		
Premiums	$9 991 842	$9 855 326
Rebates	(2 312 230)	(1 653 414)
	7 679 612	8 201 912
Less:		
Employer premiums	418 248	340 105
COST OF SURVIVORS' PENSIONS ASSUMED BY THE GOVERNMENT	$7 261 364	$7 861 807

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Accounting policies

The cost of pensions to surviving family members of executive employees in the public and parapublic sector is recorded on a cash basis.

2. Cost of survivors' pensions

Since January 1, 1978, the Government has been paying the premiums for pensions to surviving family members of executive employees in the public and parapublic sector. Premiums are mainly set on the basis of the current value of pensions to be paid and related administrative charges.

During the fiscal year ended December 31, 1984, premiums in the amount of $5 288 815 were paid from the Consolidated Revenue Fund and the balance of $4 703 027 from the surplus accumulated in the plan managed by the insurer.

Premiums for survivor's pensions owed to the insurer at December 31, 1984 and not entered on the books are estimated to be about $2 089 254 ($2 526 595 at December 31, 1983) and rebates receivable for 1984 amounted to approximately $2 700 000 at year-end and are not recorded in the cost of pensions to public and parapublic executive employees' survivors.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

COST OF PENSIONS TO PUBLIC AND PARAPUBLIC EXECUTIVE EMPLOYEES' SURVIVORS

AUDITOR'S REPORT

I have examined the statement of the cost of pensions to public and parapublic executive employees' surviving family members for the year ended December 31, 1984. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the financial statement presents fairly the cost of pensions to those employees' survivors for the year ended December 31, 1984 in accordance with the accounting policy stated in Note 1, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, March 4, 1985

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

ADMINISTRATIVE EXPENDITURE
for the fiscal year ended December 31, 1984

	1984	1983
Wages, salaries, allowances and other remuneration	$9 663 293	$9 198 964
Transportation and communications	340 046	247 434
Professional, administrative and other services	596 909	468 302
Maintenance and repairs	38 754	19 573
Rent	57 118	106 960
Supplies and furnishings	262 802	184 796
Equipment	112 762	35 345
Interest on amounts owed pensioners and other expenses	193 727	798 925
EXPENDITURE ASSUMED BY THE GOVERNMENT	$11 265 411	$11 060 299

On behalf of the Commission,
Louison Ross
President

André Cauchon
Director of financial and material resources

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Purpose

The Commission administrative des régimes de retraite et d'assurances has the responsibility of administering the Government and Public Employees Retirement Plan and any other pension or insurance plan whose management is assiged to the Commission by an Act or by the Government. The Government assumes the Commission's administrative expenses.

2. Accounting policies

The statement of administrative expenditure was prepared on the basis of accounting practice in use by the Government.

The cost of fringe benefits to Commission employees, as well as that of support services such as telephone, office space and data processing, is paid out of departmental appropriations and not shown on the financial statement.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

ADMINISTRATIVE EXPENDITURE

AUDITOR'S REPORT

I have examined the statement of administrative expenditure of the Commission administrative des régimes de retraite et d'assurances for the year ended December 31, 1984. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the administrative expenses of the Commission for the year ended December 31, 1984, in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 28, 1985

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

BALANCE SHEET

as at December 31, 1984

(in thousands of dollars)

	1984	1983 (Note 17)
ASSETS		
Cash and short-term deposits	14 328	58 397
Premiums and other accounts receivable (Note 5)	99 000	110 348
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)	1 941 468	1 865 153
Selling price balance (Note 7)	18 972	19 248
Fixed assets (Note 8)	36 166	23 251
Systems development (Note 9)	14 738	15 146
	2 124 672	2 091 543
LIABILITIES		
Cheques in circulation	22 650	16 624
Accounts payable and accrued charges	13 488	10 127
Premiums collected in advance	6 393	13 679
Balance owed on equipment acquisition	13 905	5 066
Deposits by employers held liable for benefit payments	22 201	20 618
Actuarial reserves (Note 10)	3 127 910	2 892 121
	3 206 547	2 958 235
UNFUNDED DEBT	1 081 875	866 692
	2 124 672	2 091 543

On behalf of the Commission.

Robert Sauvé
Paul É. Boucher

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

UNFUNDED DEBT

for the fiscal year ended December 31, 1984

(in thousands of dollars)

	1984
NON-RETRIEVABLE PORTION	
Balance at the beginning	866 692
Adjustments at January 1, 1984	
Changes made in the method used to calculate the actuarial reserves	41 651
Portion of the surplus of expenditure over revenue for the year relating to non-financed expenditures, in view of the method of financing	140 745
Balance at year-end	1 049 088
RETRIEVABLE PORTION (Note 16)	
Surplus of financed expenditures over revenue for the year and balance at year-end	32 787
UNFUNDED DEBT AT YEAR-END	1 081 875

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1984

(in thousands of dollars)

	1984
REVENUE	
Employer premiums (Note 1)	697 823
Investment earnings and interest on premiums	211 971
Other revenue	9 792
Total revenue	919 586
EXPENDITURE	
Compensation programs (Note 4)	
Compensation paid	705 585
Increase in actuarial reserves	191 162
	896 747
Preventive withdrawal of worker who is pregnant or nursing	
Compensation paid	16 469
Increase in actuarial reserves	2 976
	19 445
Prevention (Note 11)	58 806
Administrative expenses (Note 12)	102 358
Bad debts	10 839
Contributions to the Civil Service Superannuation Plan for past service (Note 13)	4 923
	176 926
Total expenditure	1 093 118
SURPLUS EXPENDITURE OVER REVENUE FOR THE YEAR	173 532
Less:	
Portion of the surplus of expenditure over revenue for the year relating to non-financed expenditure recorded as non-retrievable portion of the unfunded debt in view of the method of financing	
Compensation programs (Note 4)	
Compensation paid	18 778
Increase in actuarial reserve	40 385
Interest on unfunded debt	81 582
Total expenditure not financed	140 745
SURPLUS OF EXPENDITURE FINANCED OVER REVENUE FOR THE YEAR	32 787

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Constitution, activity and financing

A corporation within the meaning of the Civil Code, the Commission de la santé et de la sécurité du travail was founded on March 13, 1980. Under its implementation of the Act respecting occupational health and safety, it is responsible for developing and applying policies related to occupational health and safety so as to ensure a better quality of life in the workplace. The Commission collects premiums from employers to ensure application of the Act, except for its inspection costs which are reimbursed by the government.

Within the framework of administering the Workmen's Compensation Act and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries, the Commission is responsible for operating an accident fund financed through employer premiums, which should be sufficient to cover benefit payments and current administrative expenses as well as maintaining a reserve fund considered sufficient, depending on its mode of financing, to cover the payment of benefits resulting from future accident claims.

The Commission's financing method provides that:

- The premium will include a proportion of the expected cost for occupational injuries occurring during the year covered by the premium, the entire amount allocated for prevention and preventive reassignment and the total expenditure budgeted by the Commission for administration. The proportion of expected cost for injuries will be 90 % from 1984 to 1988 inclusively, after which it will increase at a rate of 2 % each year, reaching 100 % in 1993 and remaining at 100 % thereafter.
- The premium rate cannot be increased to pay off the unfunded debt for occupational injuries occurring prior to January 1, 1984, nor the debt resulting from the application of the preceding paragraph.

In the context of administering the Crime Victims Compensation Act and the Act to promote good citizenship, the Commission also has the responsibility of paying compensation or other benefits to claimants. Funding for the implementation and administration of the Acts is provided by the Government.

2. Statement of main accounting policies

The Commission's financial statements were prepared according to the accrual method, within the framework of accounting practice summarized as follows:

a) Employer premiums

Revenue from premiums is based on estimated wages and salaries paid by employers, to which a rate the Commission sets is applied. At year-end, such revenue is adjusted to take into account the excepted variation between estimated and actual wages and salaries subject to premiums.

b) Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits to individual funds are entered at adjusted value, which is cost plus or minus adjustments, representing the counterpart entry of the annual instalment of:

1. The amortization over 10 years on capital gains or losses incurred on the sale of securities;
2. The amortization over 10 years on the difference between the realization value on stock investments and their book value.

The annual amortization is entered as revenue of the fiscal year.

c) Fixed assets

Fixed assets are shown at their cost price; depreciation on them is charged according to the straight-line method on the basis of estimated service life at the following annual rates:

Buildings	2½ %
Furnishing and equipment	10 %
Rolling stock	25 %
Computer equipment	20 %
Telecommunications system	20 %

Leashold improvements — over the length of the lease

d) System development costs

The cost of developing data processing systems is amortized on a straight-line basis over a period of five years once in operation.

e) Actuarial reserves

Estimated present value of future payments to victims of occupational injuries and to workers on maternity leave

The estimated present value of future payments to victims of occupational injuries and to workers on maternity leave includes, on one hand, an allowance for benefit claims in the process of being settled and unreported claims and, on the other, the capitalized value of benefits in the case of victims of occupational injuries. This reserve is established by the Commission's actuaries and is audited by a consulting actuary. However, it does not include any liability for future costs relating to temporary rehabilitation compensation programs for employment search, training or psychosocial treatment, and economic and social stabilization.

Reserve for fluctuation in the real rate of return

The reserve for fluctuation in the real rate of return corresponds to the accumulated difference, since January 1, 1984, between investment and interest income on premiums shown in the Commission's statement of revenue and expenditure and the expected investment income, less the interest on the unfunded debt resulting from the application of the financing method. This expected investment income is determined using the return net of inflation assumption, as established by the Commission's actuaries. In addition to discrepancies which inevitably occur between assumptions and reality, the difference referred to above stems from discrepancies between the actuarial and accounting methods of reporting investment income.

Reserve for the Return of Capital Program

Since 1981, the Commission has provided beneficiaries receiving monthly annuities less than a certain amount, with the opportunity of a return of their annuity capital.

The difference between the refunded capital and the estimated present value of future payments is transferred to this reserve.

This special reserve is used to pay the administrative costs relating to this transaction, and to finance the rehabilitation programs the Commission offers to beneficiaries who cannot benefit from a return of capital but who can be rehabilitated.

Reserve for the Special Disaster Fund

The reserve for the Special Disaster Fund consists of a percentage of the cost of occupational injuries suffered and is reduced by the costs of occupational injuries judged by the Commission as excessive with respect to certain employers.

Claims against third parties

Claims against third parties responsible for industrial accidents are credited, on receipt, against paid compensation.

3. Change in accounting policies

Since January 1, 1984, the Commission has set up a reserve for fluctuation of the actual rate of return according to the provisions mentioned in Note 2. This new reserve resulted in a $26 726 000 increase in expenditures under compensation programs for the fiscal year.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

4. Compensation programs

	1984
	(in thousands of dollars)
Cost of occupational injuries suffered during the year	
Compensation paid	187 782
Increase in actuarial reserves	403 851
	591 633
Cost of occupational injuries suffered during previous years*	
Compensation paid	517 803
Decrease in actuarial reserves	(212 689)
	305 114
	896 747

* Compensation programs for occupational injuries suffered during previous years are financed by the employers to the extent that differences develop compared to the earlier assumptions, except with respect to the assumptions concerning real return, and real results.

The cost of compensation programs is distributed as follows:

	1984
	(in thousands of dollars)
Compensation paid	
Medical assistance	101 112
Temporary disability	329 994
Permanent disability	247 259
Death	27 220
	705 585
Increase in actuarial reserves	191 162
	896 747

The non-financed portion of the cost of these programs is as follows:

	1984
	(in thousands of dollars)
Compensation paid	
Medical assistance	3 645
Temporary disability	15 001
Permanent disability	89
Death	43
	18 778
Increase in actuarial reserves	40 385
Interest on the unfunded debt	81 582
	140 745

The non-financed portion of these compensation programs includes:

— compensation paid during the year 1984 for occupational injuries suffered during that year, multiplied by the non-financing percentage in effect during that year;

— the increase in the actuarial reserves for injuries that occured during 1984, multiplied by the non-financing percentage in effect during that year;

— interest on the unfunded debt resulting from the application of the financing method.

5. Premiums and other accounts receivable

	1984	1983
	(in thousands of dollars)	(in thousands of dollars)
Premiums receivable	75 330	72 100
Estimated accrued premium revenue	29 226	38 085
Receivable from the Government for inspection and prevention	9 096	5 863
Other receivables	13 448	15 500
	127 100	131 548
Less: Allowance for bad debts	28 100	21 200
	99 000	110 348

6. Funds entrusted to the Caisse de dépôt et placement du Québec

	1984	1983
	(in thousands of dollars)	(in thousands of dollars)
Individual Fund deposits		
Participation deposits at adjusted value (realization value in thousands of $: 1984 $1 901 979; 1983: $1 783 803. Units: 1984: 1 866 634; 1983: 1 728 905)	1 887 039	1 747 468
General Fund deposits		
Demand deposits	7	2 184
Portfolio under management		
Bonds at amortized cost		74 007
Revenue receivable	54 422	41 494
	1 941 468	1 865 153

7. Selling price balance

	1984	1983
	(in thousands of dollars)	(in thousands of dollars)
Secured by first mortgage at $7^1/_2$ %; Payable in annual instalments of $403 085 maturing December 31, 1988	3 527	3 527
Secured by transfer of a Government subsidy receivable: Payable in annual instalments of $1 454 705, maturing December 31, 2006; bearing a rate of $7^1/_2$ % interest	15 445	15 721
	18 972	19 248

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

8. Fixed assets

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)
Land	719		719	719
Buildings	9 531	2 763	6 768	6 685
Furnishing and equipment	12 716	4 612	8 104	9 042
Rolling stock	313	286	27	91
Leasehold improvements	1 828	985	843	515
Computer equipment	22 736	3 528	19 208	5 814
Telecommunications systems	753	256	497	385
	48 596	12 430	36 166	23 251

9. Systems development costs

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)
Computer systems development	26 817	12 079	14 738	15 146

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENT (cont'd)
at December 31, 1984

10. Actuarial reserves

	1984 (in thousands of dollars)	1983 (in thousands of dollars)
Estimated present value of future payments to victims of occupational injuries and to workers who are pregnant or nursing*	3 004 849	2 853 667
Reserve for fluctuation in the real rate of return	26 726	
Reserve for the Return of Capital Program	91 212	33 178
Reserve for the Special Disaster Fund	5 123	5 276
	3 127 910	2 892 121

* However, this reserve includes no liability for future costs related to programs providing temporary rehabilitation compensation for job seeking, training or psychosocial treatment, economic stabilization and social stabilization.

Assuming these programs are maintained, estimates of these future costs could vary significantly, depending on legislative measures which could be adopted at any time.

The Commission believes it is justified and acting prudently in not recording the actuarial liability for these programs, since it can make no presumptions as to transitional measures the legislator may adopt.

Funding percentage

The funding percentage of the actuarial reserves and other liabilities on the books at December 31, 1984 is 66.26 % compared to 70 % at December 31, 1983. These percentages were determined based on the proportion of assets to liabilities.

Continuity of actuarial reserves.

	1984 (in thousands of dollars)
Balance at the beginning	2 892 121
Increase charged to expenditure	
Estimated present value of future payments to victims of occupational injuries and to workers who are pregnant or nursing	109 531
Reserve for fluctuation in the real rate of return	26 726
Reserve for the Return of Capital Program	58 034
Reserve for the Special Disaster Fund	(153)
	194 138
Increase charged to the unfunded debt	41 651
	235 789
Balance at year-end	3 127 910

11. Prevention programs

	1984 (in thousands of dollars)	1983 (in thousands of dollars)
Payments to occupational health and other services	35 622	20 536
Grant paid to the Institut de recherche en santé et en sécurité du travail du Québec	12 288	7 948
Training and information grants	10 896	9 674
	58 806	38 158

12. Administrative expenses

	1984 (in thousands of dollars)	1983 (in thousands of dollars) (Note 17)
Wages, salaries and fringe benefits	84 120	80 294
Training and upgrading	229	293
Travel	4 342	3 717
Postage, courier and telecommunications	4 947	5 111
Communications and information	1 394	1 365
Professional services — Computer	5 294	3 486
Professional services — Administration	4 674	5 333
Repairs and maintenance — Computer equipment	2 337	1 154
Repairs and maintenance — Fixed assets and others	775	746
Material and supplies	3 445	3 246
Rental of office and other space	6 991	6 778
Equipment rental — Computer	5 823	6 258
Equipment rental — Other	472	511
Insurance, taxes, power	1 740	1 638
Other charges and services	606	571
Depreciation — Fixed assets	4 085	2 340
Depreciation — Systems development	5 363	4 372
	136 637	127 213
Less: Deferred charges — systems development	4 955	10 146
	131 682	117 067
Assigned charges:		
Gouvernement du Québec inspection costs	22 303	22 866
administering the Crime Victims Compensation Act and the Act to Promote Good Citizenship	1 902	1 589
Government of Canada and its organizations — to administer the Act respecting compensation for Government employees	747	529
Employers held liable for benefit payments and administrative expenses	3 422	2 682
Capital remittance reserve	506	529
Other	444	470
	29 324	28 665
	102 358	88 402

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

13. Pension plan

An actuarial valuation of liabilities at December 31, 1975 for past service established the amount to be $49 787 000. The Commission is to pay 23 annual installments of $4 923 000 beginning December 31, 1978 for reimbursement of all capital and interest. The balance at December 31, 1984 of this liability, not shown on the books, comes to $44 267 600.

14. Commitment

The Commission is committed at December 31, 1984 under the terms of leases for space rental for a total of $39 819 814 (1983: $18 261 018), with installments over the next twelve months amounting to $6 739 447. The leases extend over a period of from one to ten years with options to renew at term. For leases pertaining to space rental, a clause provides for a review of rental charges in the event of increased operating costs or taxes.

15. Other administrative duties entrusted to the Commission

The Commission, in the course of administering the Crime Victims Compensation Act and the Act to Promote Good Citizenship, pays benefits or other indemnities to claimants. In addition, the Commission pays benefits and indemnities to victims of occupational injuries, by virtue of the Act respecting compensation of Government employees, and on behalf of employers personally responsible for paying benefits. These indemnities and benefits, as well as part of the administration costs incurred, are refunded to the Commission by the Government of Québec, the employers personally responsible for paying benefits, and by the Government of Canada and its organizations. These disbursements and their refund are distributed as follows:

	1984	1983
	(in thousands of dollars)	(in thousands of dollars)
Crime Victims Compensation Act and the Act to Promote Good Citizenship	12 493	10 031
Employers personally responsible for paying benefits	15 854	14 125
Act respecting compensation of Government employees (R.S.C.)	7 473	6 469
	35 820	30 625

16. Bill tabled

The National Assembly is continuing to study Bill 42 "An Act respecting industrial accidents and occupational diseases" presented in Fall 1983.

The Bill aims at establishing a new plan for compensating occupational injuries to replace the ones under the Act respecting occupational health and safety and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries. The Bill confers responsibility for administering the new plan to the Commission.

The recoverable portion of the unfunded debt corresponding to the surplus of financed expenditure over revenue for the fiscal year 1984 should be transferred to the non-recoverable portion of this debt once the Bill is adopted.

17. Comparative figures

Due to the adoption of a new financing method, effective January 1, 1984, the financial data for 1984 differ appreciably from those of the preceding year. The financial statements were prepared by effecting certain reclassifications of items for purposes of harmonization. Consequently, they are not prepared in an entirely comparable manner.

The reader should understand that, given this financing method, premiums collected in 1984 include, in particular, 90 % of the expected cost of occupational injuries occurring in that year, whereas they accounted for 100 % of the expected cost of occupational injuries occurring in 1983.

It is equally important to mention that in 1984, the statement of revenue and expenditure separates the portion of the surplus expenditure over revenue for the fiscal year, relating to the cost of compensation programs which cannot be financed under the financing method, which was not the case in 1983.

Further, in accordance with the provisions of the financing method, the statement of the unfunded debt identifies the unrecoverable portion of this debt as well as the portion recoverable from future employer premiums.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

ACTUARIAL CERTIFICATE

concerning commitments of the Accident Fund and Special Disaster Fund of the Commission de la santé et de la sécurité du travail at December 31, 1984

I, the undersigned, declare that the estimated present value of future payments to victims of occupational injuries and workers on maternity leave, being $ 3 004 849 000, of the reserve for fluctuation in the real rate of return, being $ 26 726 000, and the reserve for the Special Disaster Fund, being $ 5 123 000, must be considered as actuarially sufficient to satisfy the requirements of Section 81 of the Workmen's Compensation Act, subject to the following remark:

Following a decision of the Commission, no liabilities for future costs pertaining to temporary allowance programs dealing with re-education for job searching, training or psychosocial treatment, or with economic and social stabilization, were included in the estimated present value of future payments to victims of occupational injuries suffered prior to December 31, 1984.

In 1984, adjustments were made to the method used to calculate the allowance for benefit claims in the process of being settled and unreported claims, to more accurately assess the amount of the allowance. The impact of the changes was assessed on January 1, 1984 so that the increase of actuarial reserves included in the statement of revenue and expenditure might better reflect the experience of 1984.

The allowance was increased by $ 41 651 000 on January 1, 1984, being 1.44 % of the estimated present value of future payments emended on January 1, 1984. This amount is divided as follows:

— adjustments to the probability of survival in an disabled state reduce the allowance by $ 17 603 000;
— the allowance for any worsening of the degree of permanent disability was increased by $ 24 393 000;

The allowance for benefit claims in the process of being settled was increased by $34 861 000 to include certain cases which had not been assessed in the valuation of the actuarial reserves for 1983.

According to the financing method used by the Commission, the unfunded and irrecoverable debt at January 1, 1984 is increased by $41 651 000.

In addition to the estimated present value of future payments to victims of occupational injuries and workers who are pregnant or nursing, the reserve for fluctuations in the rate of return and the reserve for the Special Disaster Fund, the amount shown in the balance sheet as actuarial reserves includes the reserve for the Return of Capital Program (sec. 28.1) for an amount of $91 212 000.

At December 31, 1984, the amount of the actuarial reserves therefore stands at $3 127 910 000.

The increase in the actuarial reserves at December 31, 1984 over the adjusted reserves at January 1, 1984, has been debited to the 1984 statement of revenue and expenditure.

In my opinion, the amount of the actuarial reserves has been determined using reliable data, adequate and appropriate assumptions and methods in accordance with generally accepted actuarial principles.

Jean-L. Gauvin, F.S.A., F.C.I.A.,
March 27, 1985

The amount of the liability relating to the commitments of the Accident Fund and the Special Disaster Fund of the Commission de la santé et de la sécurité au travail, at December 31, 1984, was determined by the Commission's actuary. We carried out an examination of the methodology, calculation methods and assumptions used by him. We also conducted, using sampling techniques, tests of the calculations and data used.

We are satisfied that the amount showing in the balance sheet as well as in the statement of operations represents the value of commitments incurred by the compensation plan for victims of occupational injuries and for pregnant or nursing workers, with respect to events which occurred prior to December 31, 1984, determined in accordance with the method of financing approved by the Commission.

Groupe Sobeco Inc.,
Jean-L. Gauvin, F.S.A., F.C.I.A.,

March 27, 1985

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

AUDITOR'S REPORT

Financial statements

I have examined the balance sheet of the Commission de la santé et de la sécurité du travail as at December 31, 1984 and the statement of revenue, expenditure and unfunded debt for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

Unrecorded actuarial liability and expenditure

As stated in the actuarial certificate and in Note 10 concerning accounting practice with respect to the policy reserve of the Accident Fund, no liability was charged for future costs relating to programs for evaluating inability to return to work, for temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization. This unrecorded actuarial liability for accidents occurring prior to December 31, 1984 has been evaluated at $322 630 000 on that date compared to $256 400 000 at December 31, 1983. It is based on current compensation practices and legislation in force at the time of my report. The actuarial reserves should be increased by that amount and the unfunded debt correspondingly, to a level of $1 404 505 000 on December 31, 1984 and the increase in 1984 of this actuarial liability by $66 230 000 should have been entered in the fiscal year as an expenditure of the compensation programs. In this respect, the balance sheet and the statement of revenue and expenditure are not prepared according to appropriate accounting policies.

Inadequate Presentation of Financial Statements.

The Commission deducted $140 745 000 from the excess of expenditures over revenue for the fiscal year and transferred this amount to the statement of unfunded debt. This represents the portion relating to non-financed expenses in keeping with the mode of financing which came into effect on January 1, 1984. The effect of this method is equivalent to directly including this amount in the unfunded debt, thus showing a different operating result from that actually experienced during the fiscal year.

In addition, the Commission recorded an amount of $41 651 000 directly in the unfunded debt. This amount resulted from changes made to the valuation method of the actuarial liability. This amount should have been entered as an exceptional item in the statement of revenue and expenditure, thus increasing the excess of expenditures over income for the fiscal year by the same amount.

Had an adequate presentation of the amount of $41 651 000, added to the expenditure entry of $66 230 000 mentioned earlier been adopted, the surplus of expenditure over revenue for the fiscal year would have been increased by $107 881 000, thus raising this surplus from $173 532 000 to $281 413 000, representing the actual deficit of the Commission's operations for the fiscal 1984.

Opinion

In my opinion, these statements present fairly the Commission's financial situation as at December 31, 1984 and the statement of its operations for the year then ended in accordance with the accounting policies stated in Note 2.

Consistency in Financing Method

As indicated in Note 1, a new financing method, adopted by resolution of the Commission, came into effect on January 1, 1984. According to the legal advice I have received, this new financing method does not satisfy the requirements of Sections 81 and 95.1a) and c) of the Workmen's Compensation Act in the sense that, at some point in the future, it will result in employers being heavily burdened as a result of sizeable payments for accidents which occurred in the past.

The Commission's decision resulted in the deficit for the 1984 fiscal year being increased by $140 745 000 and this decision will also result in a substantial increase, particularly until 1993, in the unfunded debt which is $1 404 505 000 at December 31, 1984. This last amount includes the un-recorded liability of $322 630 000.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, April 17, 1985

COMMISSION DES NORMES DU TRAVAIL

R.S.Q., c. N-1.1

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
Cash and term deposits	$51 725 187	$39 000 519
Levies receivable from employers	1 428 862	601 642
Other accounts receivable	81 110	87 642
Accrued interest	1 396 571	829 402
Bond investments (Note 3)	1 970 192	2 018 478
Fixed assets (Note 4)	2 157 791	1 312 992
Equipment under capital lease		266 754
	$58 759 713	$44 117 429
LIABILITIES		
Accounts payable and accrued charges	$963 333	$1 091 169
Claims collected for remittance to empoyees	73 810	105 291
Commitments under a capital lease contract		178 260
	1 037 143	1 374 720
SURPLUS	57 722 570	42 742 709
	$58 759 713	$44 117 429

On behalf of the Commission,

Paul-Émile Bergeron
Yves Béliveau

COMMISSION DES NORMES DU TRAVAIL

REVENUE, EXPENDITURE AND SURPLUS

for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Levies (Note 5)	$30 660 040	$25 712 017
Interest on deposits and investments	4 030 538	2 676 992
Other revenue	268 342	278 693
	34 958 920	28 667 702
EXPENDITURE		
Wages, salaries and fringe benefits	12 173 645	12 112 584
Professional services	1 532 040	1 569 600
Travel	745 610	725 392
Rent and upkeep	1 209 925	1 096 039
Data processing	406 617	386 800
Advertising and public relations	169 640	281 209
Forms, publications and printing	233 290	274 942
Stationery and supplies	112 044	120 876
Telephone, telegram and postal service	747 475	651 082
Bad debts	89 391	243 920
Interest under capital lease	4 810	57 765
Other	20 980	23 939
Depreciation of fixed assets	519 354	354 195
Loss on equipment disposal	287 238	
	18 252 059	17 898 343
SURPLUS REVENUE OVER EXPENDITURE EXCLUDING THE FOLLOWING ITEM:	16 706 861	10 769 359
Contribution to the Civil Service Superannuation Plan for past service (Note 6)	1 727 000	1 727 000
SURPLUS REVENUE OVER EXPENDITURE	14 979 861	9 042 359
SURPLUS AT THE BEGINNING	42 742 709	33 700 350
SURPLUS AT YEAR-END	$57 722 570	$42 742 709

COMMISSION DES NORMES DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and activity

Constituted a corporation within the meaning of the Civil Code under the Workmen's Compensation Act, the Commission des normes du travail has all the usual powers of a corporation. It has been charged with overseeing the implementation and application of occupational standards. More specifically, it is responsible for making the public aware of job standards, seeing that the standards are put into practice and forward any recommendations on the matter to the minister responsible. The Commission has the duty of hearing the claims filed by employees and awarding compensation under the Act and regulations.

2. Accounting policies

The Commission's financial statements were prepared according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Bond investments

Investments in bonds are recorded at amortized cost.

Fixed assets

Fixed assets are shown at acquisition cost and depreciation on them is charged using the declining balance method at the following annual rates:

	Rate	Method
Equipment	20%	Diminishing
Furniture	10%	balance
Rolling stock	30%	Term of lease

Leasehold improvements are depreciated over the length of the lease.

Levies

Revenue from levies is entered on the books after receipt of employers yearly reports and when claim assessments are served on employers.

3. Bond investments

Investments in bonds are shown at amortized cost with a realization value of $1 709 000 (1984: $1 626 000).

4. Fixed assets

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Equipment	$2 414 552	$841 405	$1 573 147	$652 513
Furniture	723 212	313 700	409 512	404 779
Rolling stock	13 373	8 725	4 648	6 640
Leasehold improvements	524 657	354 173	170 484	249 060
	$3 675 794	$1 518 003	$2 157 791	$1 312 992

5. Levies

The 1985 levies include amounts totalling $4 231 000 for levies for past fiscal years.

6. Unrecorded liability — Civil Service Superannuation Plan.

The actuarial liability for the cost of service prior to December 31, 1977 has been established at $17 469 000. The Commission has begun making payments on this amount in 22 yearly installments of $1 727 000 as of December 31, 1978, with a final payment of $1 751 700 that includes capital and interest. At March 31, 1985, the balance of this unrecorded liability was $15 535 700.

7. Commitments

At March 31, 1985 minimal commitments under the terms of leases for space rental detail as follows:

1986	1987	1988	1989	1990
$936 027	$844 453	$389 032	$50 615	$16 901

COMMISSION DES NORMES DU TRAVAIL

R.S.Q., c. N-1.1

AUDITOR'S REPORT

I have examined the balance sheet of the Commission des normes du travail as at March 31, 1985 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial situation of the Commission as at March 31, 1985 as well as its operating results for the year then ended, in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 21, 1985

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14

CONSOLIDATED BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
ADMINISTRATION FUND		
CURRENT ASSETS		
Cash	$3 150 480	$3 192 896
Accrued interest	31 613	29 699
Accounts receivable, Professional Liability Fund	43 331	16 349
Accounts receivable, Fire and Theft Fund	12 345	6 374
Other accounts receivable	21 025	35 945
Advances	2 800	3 475
Prepaid expenses	32 953	23 773
	$3 294 547	$3 308 511
PROFESSIONAL LIABILITY FUND		
Cash	$30 346	$1 505
Accrued interest	12 985	14 844
Investments (Note 2)	250 000	250 000
	$293 331	$266 349
FIRE AND THEFT FUND		
Cash	$9 257	$2 602
Accrued interest	3 088	3 772
Investments (Note 2)	75 000	75 000
	$87 345	$81 374

On behalf of the Commission,

Yves Lafontaine, Chairman
Denis Bouchard, Vice-Chairman

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14

CONSOLIDATED BALANCE SHEET

as at March 31, 1985

	1985	1984
LIABILITIES		
ADMINISTRATION FUND		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$1 301 378	$644 206
Commitments		135 254
Grant collected in advance (s. 52)	692 835	2 142 684
	1 994 213	2 922 144
EQUITY		
Accumulated revenue	931 176	5 005
Reserve, special projects	369 158	381 362
	1 300 334	386 367
	$3 294 547	$3 308 511
PROFESSIONAL LIABILITY FUND		
Owed the Administration Fund	$43 331	$16 349
EQUITY		
Reserve	250 000	250 000
	$293 331	$266 349
FIRE AND THEFT FUND		
Owed the Administration Fund	$12 345	$6 374
EQUITY		
Reserve	75 000	75 000
	$87 345	$81 374

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended March 31, 1985

	Operations		Private Practice (s. 52)		Total	
	1985	1984	1985	1984	1985	1984
REVENUE						
Regular grant, including grant for Young Offenders	$38 363 500	$34 228 000	$20 600 000	$24 939 000	$58 963 500	$59 167 000
Grant receivable at the beginning			2 142 684		2 142 684	
Grant receivable at year-end			(692 835)	(2 142 684)	(692 835)	(2 142 684)
	38 363 500	34 228 000	22 049 849	22 796 316	60 413 349	57 024 316
EXPENDITURE	37 967 747	34 685 086	22 649 849	21 857 358	60 617 596	56 542 444
	395 753	(457 086)	(600 000)	938 958	(204 247)	481 872
OTHER REVENUE						
Reimbursement of legal aid costs	37 864	4 820			37 864	4 820
Case fees	261 369	322 751			261 369	322 751
Interest	769 920	288 743			769 920	288 743
Other	32 438	184 048			32 438	184 048
Transfer from the professional Liability Fund reserve, less contribution to the Fire and Theft Fund	16 623	18 091			16 623	18 091
	1 118 214	818 453			1 118 214	818 453
	1 513 967	361 367	(600 000)	938 958	913 967	1 300 325
Transfer of operations to private practice (s. 52)	(600 000)		600 000			
Grant (collected)				(938 958)		(938 958)
SURPLUS REVENUE OVER EXPENDITURE	$913 967	$361 367	$—	$—	$913 967	$361 367

CONSOLIDATED STATEMENT OF ACCUMULATED REVENUE

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE (DEFICIT) AT THE BEGINNING	$5 005	
Surplus revenue over expenditure	913 967	$361 367
	918 972	361 367
Adjustement to consolidated statement of reserve, special projects	12 204	(356 362)
BALANCE AT YEAR-END	$931 176	$5 005

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF RESERVE, SPECIAL PROJECTS

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING	$381 362	$25 000
Increase of the reserve from accumulated revenue	270 163	356 362
Use during fiscal year	(282 367)	
Adjustment to reserve, special projects	(12 204)	356 362
BALANCE AT YEAR-END	$369 158	$381 362

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF SUMS OWED THE ADMINISTRATION FUND AND RESERVE PROFESSIONAL LIABILITY FUND

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING		
Owed the Administration Fund	$16 349	
Reserve	250 000	$250 000
	266 349	250 000
Plus:		
Interest	33 695	31 895
Expenditure paid by the Administration Fund	4 560	13 290
	38 255	45 185
	304 604	295 185
Less:		
Claims	4 560	13 290
Transfer to the Administration Fund	6 713	15 546
	11 273	28 836
BALANCE AT YEAR-END	$293 331	$266 349
Owed the Administration Fund	$43 331	$16 349
Reserve	250 000	250 000
	$293 331	$266 349

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF SUMS OWED THE ADMINISTRATION FUND AND RESERVE FIRE AND THEFT FUND

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING		
Owed the Administration Fund	$6 374	
Reserve	75 000	$75 000
	81 374	75 000
Plus:		
Interest	8 668	8 952
Expenditure paid by the Administration Fund	21 180	9 466
Investment by Administration Fund		1 667
	29 848	20 085
	111 222	95 085
Less:		
Claims	21 180	9 466
Transfer to the Administration Fund	2 697	4 245
	23 877	13 711
BALANCE AT YEAR-END	$87 345	$81 374
Owed the Administration Fund	$12 345	$6 374
Reserve	75 000	75 000
	$87 345	$81 374

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF GRANT USE
for the fiscal year end March 31, 1985

CASH ON HAND AT THE BEGINNING			$3 192 896
RECEIPTS			
Government of Québec grant		$58 963 500	
Interest	$769 920		
Plus: Accrued interest to April 1, 1984	29 699		
	799 619		
Less: Accrued interest to March 31, 1985	31 613	768 006	
Case fees		261 369	
Other revenue		32 438	
Transfer from Professional Liability Fund less contribution to the Fire and Theft Fund		16 623	
Reimbursement of legal aid costs		37 864	
Decrease in other accounts payable		14 920	
Decrease in advances		675	60 095 395
			63 288 291
OUTLAYS			
Operations and private practice (s. 52) see page 112		60 095 678	
Increase in prepaid expenses		9 180	
Increase in accounts payable Professional Liability Fund and Fire and Theft Fund		32 953	60 137 811
CASH ON HAND AT YEAR-END			$3 150 480

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF OUTLAYS AND EXPENDITURE
for the fiscal year ended March 31, 1985

	Outlays	Less: Accounts Payable and Charges Accrued to April 1, 1984	Plus: Accounts Payable and Charges Accrued to March 31, 1985	Expenditure
OPERATIONS				
Board meetings	$76 250	$1 263	$1 993	$76 980
Rent, taxes and permits	2 543 935	143 407	226 231	2 626 759
Telephone	1 021 030	88 589	53 610	986 051
Electricity	53 430	5 611	4 521	52 340
Postal service	277 168	2 956	8 597	282 809
Stationery and supplies	598 016	41 401	53 414	610 029
Other administrative expenses	194 061	8 211	7 798	193 648
Professional fees	294 694	45 185	104 358	353 867
Maintenance and repairs	189 421	13 351	13 963	190 033
Office furniture and equipment	1 237 473	173 229	525 327	1 589 571
Travel	715 179	29 967	25 543	710 755
Library	209 296	4 422	7 578	212 452
Professional training	199 252	12 267	7 315	194 300
Paymaster and data processing	123 817	9 204	9 620	124 233
Review committee	35 938	900	1 919	36 957
Information and education	261 633	7 381	21 190	275 442
Research	96 270	13 536	4 853	87 587
Account approval	45 934	157	16 102	61 879
Community legal services of Pointe-St-Charles and Petite Bourgogne Inc.	413 352	539	2 714	415 527
	8 586 149	601 576	1 096 646	9 081 219
Salaries and fringe benefits:				
Lawyers	16 406 018	55 827	78 054	16 428 245
Others	10 731 271	14 591	21 425	10 738 105
	27 137 289	70 418	99 479	27 166 350
Outlays, civil suits	1 439 257	83 543	82 017	1 437 731
Outlays, criminal cases	283 134	23 923	23 236	282 447
	1 722 391	107 466	105 253	1 720 178
	37 445 829	779 460	1 301 378	37 967 747
PRIVATE PRACTICE (s. 52)				
Legal fees, civil suits	10 628 053			10 628 053
Legal fees, criminal cases	8 239 541			8 239 541
Notary fees	1 201 220			1 201 220
	20 068 814			20 068 814
Outlays, civil suits	1 715 637			1 715 637
Outlays, criminal cases	550 596			550 596
Outlays, notaries	42 457			42 457
	2 308 690			2 308 690
Interest	272 345			272 345
	22 649 849			22 649 849
	$60 095 678	$779 460	$1 301 378	$60 617 596

COMMISSION DES SERVICES JURIDIQUES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
at March 31, 1985

1. Major accounting practice

Consolidation

The consolidated financial statements include the accounts of the Commission des services juridiques and the following regional entities:

Centre communautaire juridique de Montréal
Centre communautaire juridique des Laurentides
Centre communautaire juridique de la Rive-Sud
Centre communautaire juridique de Québec
Centre communautaire juridique de l'Outaouais
Centre communautaire juridique de l'Estrie
Centre communautaire juridique du Saguenay — Lac St-Jean
Centre communautaire juridique de la Mauricie — Bois-Francs
Centre communautaire juridique du Bas-St-Laurent — Gaspésie
Centre communautaire juridique de la Côte-Nord
Centre communautaire juridique de l'Abitibi — Témiscamingue as well as of the Clinique juridique de Hull Inc., in the Outaouais region.

Financial statements

The financial statements were drawn up according to generally accepted accounting principles, taking into consideration the following particular policies:

Private practice (s. 52)

Private practice legal fees, costs and interest charges are recorded on a cash basis and posted to operations accordingly.

Case fees and reimbursement of legal aid costs

Revenue from case fees and reimbursement of legal aid costs is recorded on a cash basis

Fixed assets

The Commission does not have a fixed assets fund. Consequently, the acquisition of fixed assets is charged to the year's operating expenditure and budgeted accordingly.

Employee remuneration

Regular wages and salaries of employees of the Commission des services juridiques and of regional corporations are recorded on a cash basis.

Transfers

Under Commission by-laws, the Professional Liability Fund reserve cannot exceed $250 000 and that of the Fire and Theft Fund, $75 000. When the limit is reached, any amount in excess must be transferred to Administration Fund revenue and expenditure.

2. Investments

	1985	1984
Professional Liability Fund funds invested in deposit certificates with the Société d'hypothèque Procan	$250 000	$250 000
Fire and Theft Fund funds invested in deposit certificates with the Société d'hypothèque Procan	$75 000	$75 000

3. Commitments

Private practice legal fees, costs and interest (s. 52)

Commitments toward professionals in private practice amounted to around $19 400 000 at March 31, 1985 and detail as follows:

	Estimated Commitments			
Year	Civil suits	Criminal cases	Notaries services	Total
1973-1981	$375 000	$75 000	$50 000	$500 000
1981-82	900 000	60 000	40 000	1 000 000
1982-83	1 450 000	350 000	200 000	2 000 000
1983-84	2 400 000	500 000	100 000	3 000 000
1984-85	6 000 000	6 300 000	600 000	12 900 000
	$11 125 000	$7 285 000	$990 000	$19 400 000

Estimates of commitments toward professionals in private practice have been made by the Commission.

Leases

Under the terms of leasing agreements expiring between April 30, 1985 and April 30, 1990, the Commission and regional corporations are commited to make total minimal payments of $4 965 398 during that period. Payments during the coming fiscal years detail as follows:
1986, $1 634 443; 1987, $1 274 113; 1988, $1 050 335; 1989, $650 396 and 1990, $356 111.

4. Comparative figures

Certain items from the previous year were changed for purposes of the current presentation.

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14

AUDITOR'S REPORT

To the members,
Commission des services juridiques

We have examined the following consolidated statements of the Commission des services juridiques at March 31, 1985:

Balance sheet, Administration Fund
Balance sheet, Professional Liability Fund
Balance sheet, Fire and Theft Fund

and for the year ending March 31, 1985

Revenue and expenditure, Administration Fund
Accumulated revenue, Administration Fund
Reserve, special projects, Administration Fund
Amounts due to the Administration Fund and reserve, Professional Liability Fund
Amounts due to the Administration Fund and reserve, Fire and Theft Fund
Use of grant, Administration Fund
Disbursements and expenditure, Administration Fund

Our examination was carried out in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary under the circumstances.

In our opinion, these statements accurately present the financial position of the Commission des services juridiques and of its regional and local corporations at March 31, 1985 as well as their operating results and use of grants for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Maheu Noiseux,
Chartered Accountants

Montréal, May 17, 1985

CORPORATION D'HÉBERGEMENT DU QUÉBEC

BALANCE SHEET
as at March 31, 1985

	1985	1984 (Note 8)
ASSETS		
CURRENT ASSETS		
Accrued subsidies receivable from the Government (Note 4)	$10 995 458	$12 012 331
Accounts receivable	317 994	144 406
	11 313 452	12 156 737
FIXED ASSETS		
Land	17 949 966	16 216 762
Buildings	290 952 629	273 115 904
Furniture and equipment	2 544 969	2 257 359
Projects under way	20 675 014	15 526 431
	332 122 578	307 116 456
	$343 436 030	$319 273 193
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$634 840	$221 943
Accounts payable, including contract holdbacks	2 900 397	2 677 647
Accrued interest	10 933 007	11 636 501
Long-term debt (Note 5)	6 483 458	24 021 782
	20 951 702	38 557 873
LONG-TERM DEBT (Note 5)	273 678 270	242 845 216
EQUITY		
Contributed capital	47 450 040	37 870 104
Surplus	1 356 018	
	48 806 058	37 870 104
	$343 436 030	$319 273 193

SUBSEQUENT EVENT (Note 7)

On behalf of the Board of Directors,

Roland Champagne
André V. Bergeron

CORPORATION D'HÉBERGEMENT DU QUÉBEC

CONTRIBUTED CAPITAL
for the fiscal year ended March 31, 1985

	Balance at March 31, 1984	Operations for fiscal 1985	Balance at March 31, 1985
	(Note 8)		
Subsidies from the Government			
Acquisition of furniture and equipment	$15 642 214	$2 805 000	$18 447 214
Acquisition of buildings	4 500 235	1 405 178	5 905 413
Capital reimbursement on long-term debt	10 473 707	3 057 627	13 531 334
Bond interest capitalized to buildings	1 187 118		1 187 118
Other contributed capital	2 103 494		2 103 494
	33 906 768	7 267 805	41 174 573
Canada Mortgage and Housing Corporation Debt forgiveness on 10 % of loans granted	6 942 270		6 942 270
Surplus estimated worth of buildings over cost of acquisition	20 740 908	3 093 377	23 834 285
Furniture and equipment given to local housing corporations	(13 057 051)	(736 538)	(13 793 589)
Other	607 996	(44 708)	563 288
	49 140 891	9 579 936	58 720 827
Transfer to the deficit	(11 270 787)		(11 270 787)
	$37 870 104	$9 579 936	$47 450 040

CORPORATION D'HÉBERGEMENT DU QUÉBEC

SURPLUS
for the fiscal year ended March 31, 1985

	1985	1984 (Note 8)
Deficit at the beginning		$11 190 837
Net revenue (net loss) for the fiscal year	$1 356 018	(79 950)
	1 356 018	11 270 787
Transfer of contributed capital to pay off the deficit at March 31, 1984		11 270 787
Surplus at year-end	$1 356 018	$—

CORPORATION D'HÉBERGEMENT DU QUÉBEC

OPERATIONS
for the fiscal year ended March 31, 1985

	1985	1984 (Note 8)
DEBT SERVICE		
Cost		
Interest on long-term debt		
Bonds	$21 240 150	$20 652 448
Canada Mortgage and Housing Corporation	5 048 212	5 101 221
Société d'habitation du Québec	1 522 009	1 532 500
Notes and balances on sale price	1 802 066	1 928 088
	29 612 437	29 214 257
Bank borrowings	1 257 394	291 827
	30 869 831	29 506 084
Financing		
Subsidies from the Government	30 869 831	29 506 084
OTHER OPERATIONS		
Revenue		
Subsidies from the Government		
Non-capitalized interest on temporary financing	1 874 861	
Projects not completed	96 829	322 218
	1 971 690	322 218
Operation of a building (Note 6)	75 249	47 962
Other revenue	7 698	38 413
	2 054 637	408 593
Expenditure		
Cost of projects not completed	96 829	322 218
Bond issue and discount charges	314 878	158 350
Other charges	286 912	7 975
	698 619	488 543
NET REVENUE (NET LOSS) FOR THE YEAR	$1 356 018	$(79 950)

CORPORATION D'HÉBERGEMENT DU QUÉBEC

CHANGES IN THE FINANCIAL POSITION
for the fiscal year ended March 31, 1985

	1985	1984 (Note 8)
SOURCE OF FUNDS		
Net revenue (net loss) for fiscal year	$1 356 018	$(79 950)
Contributed capital	10 316 474	13 015 562
Long-term debt	61 377 357	32 368 680
	73 049 849	45 304 292
APPLICATION OF FUNDS		
Acquisition of fixed assets	28 836 037	27 085 876
Less: Surplus estimated worth of buildings over cost of acquisition	(3 093 377)	(3 640 794)
	25 742 660	23 445 082
Payments on long-term debt		
Bonds	5 300 000	19 835 000
Canada Mortgage and Housing Corporation	141 758	131 063
Société d'habitation du Québec	58 515	54 241
Notes and balance of saleprice	1 044 030	1 626 695
Bank borrowings	24 000 000	
	30 544 303	21 646 999
	56 286 963	45 092 081
INCREASE IN WORKING CAPITAL	16 762 886	212 211
WORKING CAPITAL DEFICIT AT THE BEGINNING	26 401 136	26 613 347
WORKING CAPITAL DEFICIT AT YEAR-END	$9 638 250	$26 401 136

CORPORATION D'HÉBERGEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A non-profit corporation created September 12, 1974 under Part III of the Companies Act, the Corporation d'hébergement du Québec has been charged with acquiring, erecting, renovation, holding, administering, maintaining, repairing, renting and disposing of furniture and buildings either used or for use by establishments and regional councils within the meaning of the Act respecting health services and social services.

The Corporation's role is essentially to ensure that the projects of which it has been put in charge by the ministère de la Santé et des Services sociaux, are brought to completion; the Corporation is also responsible for their financing.

The Corporation rents buildings to social service establishments designated by the ministère de la Santé et des Services sociaux, who then operate these under the terms of a lease which typically stipulates that the tenant must assume full responsibility for the building, including even that normally incumbent on the lessor, such as major repairs, upkeep and insurance.

The Corporation occasionally acquires buildings in the context of ministère de la Santé et des Services sociaux withdrawal policy aimed at integrating private establishments.

2. Financing

Land and buildings

Long-term financing for capital spending by the Corporation on the construction of fixed assets comes in large part from the issuing of bonds, whose debt servicing is fully covered by Government subsidies.

Long-term financing charges are covered by the Government, excluding the discount and issue charges on bonds issued for refinancing purposes.

The Corporation resorts to bank borrowings for interim financing of construction.

Projects must receive the prior approval of the Government and be carried out within the financial limits it sets.

Furniture and equipment

The cost of furniture and equipment for establishments is covered by specific ministère de la Santé et des Services sociaux grants. The corporation subsequently cedes the furniture and equipment so acquired to local corporations.

Expenditure assumed by the Government

Staff and support services such as the telephone service, office space, furniture and supplies are placed at the disposal of the Corporation by the ministère de la Santé et des Services sociaux. Such expenditure is not shown on Corporation financial statements since it is assumed by the ministère de la Santé et des Services sociaux and various Government departments.

3. Accounting policies

The Corporation's financial statements were prepared by management according to the accrual method of accounting, within reasonable materiality limits and in accordance with accounting policies which may be summarized as follows:

Fixed assets

Land and buildings are recorded, at time of acquisition, at the greater of cost or municipal assessment.

Costs relating to the construction and restoration of buildings are charged to current projects until the first day of the month which falls 90 days after the date of provisional acceptance of the work.

Furniture and equipment are recorded at cost.

Fixed assets are not depreciated.

Government subsidies

Interest subsidies on the long-term debt are recorded according to the accrual accounting method. All other subsidies are recorded as received.

4. Subsidies accrued and receivable from the Government

	1985	1984
Accrued:		
Interest on long-term debt:		
Bonds	$5 405 231	$6 046 789
Canada Mortgage and Housing corporation	3 760 808	3 782 924
Société d'habitation du Québec	1 129 015	1 138 490
Notes and balance of sale price	531 356	559 525
Other interest:		
Refinancing		47 739
	10 826 410	11 575 467
Receivable:		
Cost of projects not completed	169 048	436 864
	$10 995 458	$12 012 331

CORPORATION D'HÉBERGEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1985

5. Long-term debt

	Current installments	1985	1984
Bonds:			
guaranteed by the assignment of Government of Québec subsidies, 10 % to 19 % annually, maturing from 1985 to 2005	$5 300 000	$164 500 000	$136 835 000
Canada Mortgage and Housing Corporation			
Borrowing repayable in advance without penalty and guaranteed by the assignment of Government of Québec subsidies, 8 % annually, maturing from 2028 to 2032	141 758	62 005 305	62 136 368
Société d'habitation du Québec			
Mortgage loans repayable in advance without penalty, 6 7/8 % annually, maturing from 2019 to 2029	58 515	18 998 589	19 052 828
Notes and balances on sale price			
3 ½ % to 12 % annually, maturing from 1985 to 2006, guaranteed by the assignment of Government of Québec subsidies	983 185	22 368 477	23 430 802
Bank loans		12 289 357	25 412 000
	6 483 458	280 161 728	266 866 998
Current installments		6 483 458	24 021 782
	$6 483 458	$273 678 270	$242 845 216

Scheduled principal repayments over the next five years are as follows

1985-1986	$6 483 458
1986-1987	43 623 302
1987-1988	2 567 566
1988-1989	2 619 095
1989-1990	45 097 216

Bank loans relating to building financing are considered as long-term debt, since repayment will be made through long-term financing.

6. Operation of a building

Since fiscal 1980-1981, the Corporation administers one of its buildings which it leases to establishments or organizations designated by the ministère de la Santé et des Services sociaux.

	1985	1984
Revenue		
Government subsidies	$377 067	$348 200
Tenants' contribution	358 305	253 554
Parking	65 841	72 594
Rent	50 003	61 217
	851 216	735 565
Expenditure		
Wages, salaries and fringe benefits	201 714	219 877
Security	257 383	169 779
Heating	112 382	110 538
Electricity	68 859	62 264
Repairs and maintenance	66 930	66 799
Parking	48 133	23 660
Insurance	10 088	29 200
Miscellaneous	10 478	5 486
	775 967	687 603
Surplus of revenue over expenditure	75 249	47 962
Accumulated operating loss at the beginning of the period	23 570	71 532
Accumulated operating revenue (loss) at the end of the period	$51 679	$(23 570)

7. Subsequent event

Under section 56.1 of the National Housing Act (R.S.C., c. N-10), the Corporation is eligible for a contribution from the Government of Canada to cover the cost of rental housing projects.

In this regard, 23 housing projects have been declared eligible for such contributions and Canada Mortgage and Housing Corporation expects to reimburse the Corporation in the amount of $16.1 million for the years 1981 to 1985 inclusive. In addition, the Corporation will receive an annual contribution in this regard of about $6 million over the next 10 years, the amount to be reduced thereafter.

These amounts will be recorded as received. For the period from March 31, 1985 to October 17, 1985, the Corporation received an amount of $14.7 million.

8. Adjustment allocated to the preceding year and transfer of contributed capital

Contributed capital — Government subsidies

Opening balance at March 31, 1984	
Balance already established	$33 235 510
Allocation to contributed capital of a subsidy received during the 1983-1984 fiscal year for furniture and equipment, previously considered as a subsidy received in advance and presented in assets as a deduction from Government subsidies accrued and receivable.	671 258
Adjusted balance	$33 906 768

The 1984 financial statements shown for comparison were modified to take into account the adjustment mentioned above, as well as the decision taken by the Corporation's management to transfer, as at March 31, 1984 and within the Corporation's equity, an amount of $11 270 787 of contributed capital to offset the deficit as at March 31, 1984.

Certain comparative figures for 1984 have been reclassified to make them consistent with the presentation adopted in 1985.

CORPORATION D'HÉBERGEMENT DU QUÉBEC

AUDITOR'S REPORT

I have examined the balance sheet of the Corporation d'hébergement du Québec at March 31, 1985, as well as the statement of operations, statement of contributed capital, statement of surplus and statement of the change in financial position for the year then ended. My examination was conducted in accordance with generally accepted auditing principles, and accordingly included tests and such other procedures as I considered necessary under the circumstances.

In my opinion, these statements accurately present the financial situation of the Corporation at March 31, 1985 as well as its operating results and the change in the financial position for the fiscal year then ended, according to the accounting policies in Note 3, applied on a basis consistent with that of the previous year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, September 16, 1985
(October 17, 1985 for Note 7)

FONDATION POUR LE DÉVELOPPEMENT DE LA SCIENCE ET DE LA TECHNOLOGIE

R.S.Q., c. D-9.1

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
Cash	$16 544	$29 092
Short-term deposits and accrued interest	275 776	120 646
Receivables	2 003	
Prepaid expenses	1 259	897
	$295 582	$150 635
LIABILITIES		
Accounts payable and accrued charges	$11 888	$20 573
SURPLUS	283 694	130 062
	$295 582	$150 635

SUBSEQUENT EVENT (Note 3)

On behalf of the Board of Directors,
Lionel Boulet, Engineer
President

FONDATION POUR LE DÉVELOPPEMENT DE LA SCIENCE ET DE LA TECHNOLOGIE

REVENUE, EXPENDITURE AND SURPLUS

for the fiscal year ended March 31, 1985

	1985 (12 months)	1984 (7½ months)
ADMINISTRATIVE EXPENDITURE		
Wages, salaries and fringe benefits	$166 161	$19 288
Professional fees	24 527	2 541
Travel	9 803	1 172
Representation and public relations	16 305	2 954
Office supplies	14 695	5 978
Communications and telecommunications	29 694	452
Furniture, equipment and leasehold improvements	25 091	8 199
Rent	43 047	
	329 323	40 584
REVENUE		
Interest on short-term deposits	31 455	646
SURPLUS EXPENDITURE OVER REVENUE	297 868	39 938
Operating subsidy from the Government	451 500	170 000
SURPLUS SUBSIDY AND REVENUE OVER EXPENDITURE	153 632	130 062
SURPLUS AT THE BEGINNING	130 062	
SURPLUS AT YEAR-END	$283 694	$130 062

NOTES TO FINANCIAL STATEMENTS

at March 31, 1985

1. Constitution and purpose

The Fondation pour le développement de la science et de la technologie is a corporation founded by the Act to promote the advancement of science and technology in Québec. The purpose of the Fondation is to provide financial support for the three Fonds to assist research created under the Act created and to that end:

a) accepts donations, inheritances, subsidies or other contributions and provides public information concerning their related advantages;

b) allocates part or all of its revenue among the following three funds, in accordance with the plan prescribed by section 52 of its founding Act:

   i. The "Fonds pour la formation de chercheurs et l'aide à la recherche" in education;

   ii. The "Fonds de la recherche en santé du Québec", in the field of health, and

   iii. The "Fonds de recherche en agriculture, en pêcheries et en alimentation" in the area of agriculture, fisheries and food.

Except in the case of annual appropriations voted by the Legislature, the Fondation may use gifts, inheritances and other contributions only for the purposes set forth in paragraph (b) above unless such sums are intended as investments pursuant to section 55 of its founding Act. The same applies to revenue derived from those amounts.

Separate financial statements are drawn up for the three funds backed financially by the Fondation.

2. Accounting policies

Fondation financial statements were prepared by management according to the framework and relative importance of the accrual method.

The purchase of furniture and equipment and expenses for the leasehold improvements are charged to operations at the time of acquisition.

3. Subsequent event

On June 20, 1985, the Lieutenant-Governor of the province gave his approval to Bill 39 — the Act respecting the Ministère de l'Enseignement supérieur, de la Science et de la Technologie and amending various other legislative provisions.

This Bill will also terminate the existence of the Fondation pour le développement de la science et de la technologie; the sections of the Act concerning the Fondation will take effect on the date set by government proclamation.

REMARK: The financial statements "Fonds pour la formation de chercheurs et l'aide à la recherche" (Education) and "Fonds de la recherche en santé du Québec" are published respectively on pages 138 to 141 and 134 to 137. The "Fonds de recherche en agriculture, en pêcheries et en alimentation" is no longer in operation.

FONDATION POUR LE DÉVELOPPEMENT DE LA SCIENCE ET DE LA TECHNOLOGIE

R.S.Q., c D-9.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fondation pour le développement de la science et de la technologie as at March 31, 1985 and the statements of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fondation as at March 31, 1985 and its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 25, 1985

FONDS D'AIDE AUX RECOURS COLLECTIFS

R.S.Q., c. R-2.1 and amendments

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
Cash and term deposits	$76 101	$38 822
Accrued interest	843	475
	$76 944	$39 297
LIABILITIES		
Accounts payable and accrued charges	$16 336	$11 564
Owed the Government (Note 3)	4 608	7 255
	20 944	18 819
SURPLUS	56 000	20 478
	$76 944	$39 297

On behalf of the Board of Directors,

Jules Allard
Lina Bisson Jolin

FONDS D'AIDE AUX RECOURS COLLECTIFS

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1985

	1985	1984
EXPENDITURE		
Financial aid to beneficiaries	$122 515	$97 458
Board of directors:		
Fees and allowances	29 387	37 878
Communications and travel expenses	8 617	11 880
	38 004	49 758
Fonds office operating costs:		
Wages, salaries and fringe benefits	127 481	100 722
Communications and travel expenses	4 445	6 584
Office expenses	3 936	4 948
Professional services	1 750	700
Advertising	9 854	19 327
Office equipment	18 356	851
	165 822	133 132
	326 341	280 348
REVENUE		
Subrogations	32 607	2 879
Interest on bank and term deposits	5 641	2 990
Remainder from suits		7 109
	38 248	12 978
SURPLUS EXPENDITURE OVER REVENUE	288 093	267 370
GOVERNMENT SUBSIDY	323 615	287 848
SURPLUS SUBSIDY AND REVENUE OVER EXPENDITURE	35 522	20 478
SURPLUS AT THE BEGINNING	20 478	
SURPLUS AT YEAR-END	$56 000	$20 478

FONDS D'AIDE AUX RECOURS COLLECTIFS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Fonds d'aide aux recours collectifs was created under the Act respecting class action, for the purpose of funding class action suits as well as disseminating information related to exercising these suits.

2. Accounting policies

Fonds financial statements were prepared by management within the framework of accounting policies summarized as follows:

Financial aid to beneficiaries and other expenditures

Aid to beneficiaries is recorded when paid while all other expenditures are entered on the accrual basis.

Fixed assets

The purchase of office equipment is charged to operating expenditure.

Revenue

The remainder from decisions on class action suits is recorded as revenue when assigned to the Fonds by the court. Revenue from subrogations is entered on a cash basis.

Expenditures assumed by the Government

The cost of support services such as telephone service, premises, etc. is paid out of the various departments' appropriations and not shown on the statement of operating results.

3. Owed the government

The item breaks down as follows:

	1985	1984
Amounts payable		
Permanent advance	$24 000	$24 000
Amount receivable		
Claims concerning financial aid to beneficiaries	19 392	16 745
Balance due	$4 608	$7 255

4. Commitments

In addition to assistance to beneficiaries allocated and already paid out at March 31, 1985, there are, as at such date, commitments for such purpose of about $128 000 made by the directors of the Fonds.

FONDS D'AIDE AUX RECOURS COLLECTIFS

R.S.Q., c. R-2.1 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'aide aux recours collectifs as at March 31, 1985 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 19, 1985

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

R.S.Q., c. A-29.1

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
Cash	$263 513	$53 064
Accounts receivable	259 859	257 541
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits	5 338	3 699
Participation deposits (Note 3)	10 014 062	10 014 062
	10 019 400	10 017 761
	$10 542 772	$10 328 366
LIABILITITIES		
Advance from the Government	$542 772	$328 366
FONDS EQUITY (Note 4)	10 000 000	10 000 000
	$10 542 772	$10 328 366

INSURED LOANS (Note 5)

On behalf of the Board of Directors,

Camille G. Moreau
J. Claude Simoneau

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

CHANGE IN FONDS EQUITY

for the fiscal year ended March 31, 1985

	1985	1984
FONDS CAPITAL AT THE BEGINNING	$10 000 000	$13 167 422
Insurance charges	188 286	173 381
Debt recovery	72 990	32 415
Deposit revenue	1 091 041	1 227 200
Contribution from the Government	7 997 227	376 634
	19 349 544	14 977 052
Loan losses reimbursed to lenders	9 349 544	4 977 052
FONDS EQUITY AT YEAR-END	$10 000 000	$10 000 000

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A Corporation within the meaning of the Civil Code, the Fonds d'assurance-prêts agricoles et forestiers was created under the Act respecting farm-loan insurance and forestry-loan insurance. Beginning August 1, 1978, the Fonds guarantees a lender repayment of losses in principal and interest on a farm or forestry loan granted, along with any expenditure eligible under regulations and incurred by the lender to safeguard loan guarantees or for recovering from a defaulting borrower any amount become due under the terms of a loan.

2. Accounting policies

Deposits to the general fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at acquisition cost.

Insurance premiums

Insurance premiums are recorded on a cash basis, when received.

Revenue from deposits

Revenue from deposits is recorded on the accrual basis.

Reimbursement of losses to lenders

The covering of losses on insured loans is recorded upon payment to lenders.

Administrative expenses

Fonds administrative expenses are paid out of the various departments' appropriations and are not shown on the financial statements.

3. Participation deposits

At March 31, 1985, the Fonds held 12 167 (1984: 12 167) participation deposit units in the general fund of the Caisse de dépôt et placement du Québec, the cost of which amounted to $10 014 062 (1984: $10 014 062). Based on the unit realization value at such date, the realization value of the participating deposits held is estimated at $10 360 890 (1984: $9 650 131).

4. Fonds equity

As prescribed in the Act respecting farm-loan insurance and forestry-loan insurance, the allocation of $10 million by the Government in favour of the Fonds, insurance fees, and loss recoveries are part of the capital of the Fonds. The obligations of the Fonds to lenders are paid from revenue and, if the latter is not sufficient, from such portion of its capital as exceeds $10 million.

Where revenue and that part of capital over $10 million do not suffice to meet Fonds commitments, the Government is authorized to pay the sums required, at the request of the Fonds, out of the Consolidated Revenue Fund.

5. Insured loans

At March 31, the principal balance of loans in regard to which the Fonds has insured repayment of losses, have been established based on information obtained from lenders, as follows:

	1985	1984
Act to promote long term farm credit by private institutions (R.S.Q., c. C-75.1)	$1 118 416 000	$1 107 320 000
Farm Credit Act (R.S.Q., c. C-75)	23 058 000	24 144 000
Act to promote farm improvement (R.S.Q., c. A-18)	203 700 000	185 785 000
Act to promote credit to farm producers (R.S.Q., c. C-77)	73 228 000	65 093 000
Forestry Credit Act (R.S.Q., c. C-78)	34 218 000	34 624 000
Act to promote forest credit by private institutions (R.S.Q., c. C-78.1)	3 742 000	
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	6 184 000	12 066 000
	$1 462 546 000	$1 429 032 000

During the fiscal year, the Fonds make outlays of almost $9 million on the $53 million it estimated would have to be paid lenders at March 31, 1984. According to an analysis of insured loans at March 31, 1985, the estimated amount of losses to lenders that the Fonds will be called upon to reimburse has increased to $76 million; payments will be scheduled over the coming fiscal years.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

R.S.Q., c. A-29.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'assurance-prêts agricoles et forestiers as at March 31, 1985 and the statement of change in Fonds equity for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds d'assurance-prêts agricoles et forestiers as at March 31, 1985 as well as the change in that position for the year then ended, in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 28, 1985

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

R.S.Q., c. D-9.1

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
Cash	$946 734	$3 904 017
Term deposits and accrued interest	2 502 182	570 720
Advances	3 042	
	$3 451 958	$4 474 737
LIABILITIES		
Scholarships and grants	$1 188 714	$950 440
Accounts payable and accrued charges	49 855	29 159
	1 238 569	979 599
SURPLUS (Note 5)	2 213 389	3 495 138
	$3 451 958	$4 474 737

On behalf of the Board of Directors,

Serge Carrière
Yvon Poirier

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

GRANT USE AND SURPLUS
for the fiscal year ended March 31, 1985

	1985	1984
GRANTS RECEIVED		
Government of Québec		
Ministère des Affaires sociales:		
Scholarships and research grants	$19 044 300	$18 559 000
Operating fund	714 000	686 000
	19 758 300	19 245 000
Régie de l'assurance-maladie du Québec	4 332 000	3 834 000
	24 090 300	23 079 000
INTEREST AND OTHER REVENUE	874 987	767 380
	24 965 287	23 846 380
SCHOLARSHIPS AND GRANTS AWARDED (Note 4)	25 472 313	21 855 269
	(507 026)	1 1 111
OPERATING EXPENSES		
Wages, salaries and fringe benefits	344 173	117 558
Committee fees	12 834	21 875
Committee travel and lodging expenses	41 919	51 197
Professional fees	69 565	26 622
Rent	86 224	52 730
Office expenses	116 868	89 690
Furniture, equipment and improvements to rented areas	103 140	63 930
	774 723	423 602
FISCAL YEAR DEFICIT (SURPLUS)	1 281 749	(1 567 509)
SURPLUS AT THE BEGINNING	3 495 138	1 927 629
SURPLUS AT YEAR-END (Note 5)	$2 213 389	$3 495 138

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Fonds de la recherche en santé du Québec is a corporation incorporated under the Act to promote the advancement of science and technology in Québec. Its purpose is to promote or provide financial assistance, in the form of grants and scholarships, research, training and upgrading of researchers in the health field. In addition, it implements the financial assistance programs entrusted to it by another act or, when authorized by the Government and under conditions which the latter sets, the financial assistance programs entrusted to it by department or public organization.

2. Accounting policies

The financial statements of the Fonds were prepared by management according to the accrual accounting method within reasonable materiality limits and in accordance with accounting policies which may be summarized as follows:

Scholarships and subsidies awarded

Scolarships and subsidies awarded as part of the activities of the Fonds are recorded at the time they are granted.

Fixed assets:

The purchase of furniture and equipment as well as leasehold improvements are charged to the Fonds' operating expenses.

Expenses assumed by the Government:

The Government of Québec provides the Fonds with personnel and support services such as telephone, postal and messenger services. The cost of such services does not appear on the financial statements.

3. Charges to accounting policies

As of this year, the Fonds has begun recording all scholarships and subsidies awarded at the time they were granted; previously, some of them were recorded at the time they were deemed to have been accepted, that is, 30 days after the written announcement of the scholarship or subsidy award.

This change was applied prospectively and has had the effect of increasing the scholarships and subsidies awarded expenditure item for the year 1984-1985 by $914 853, and of reducing the surplus by the same amount.

4. Scholarships and grants awarded

	1985	1984
Subsidies to research centres and institutes of the Social Affairs network	$15 730 730	$14 372 836
Research fellows (RAMQ)	4 583 216	3 834 000
Other scholarships and grants	5 158 367	3 648 433
	$25 472 313	$21 855 269

5. Surplus

The surplus of $2 213 389 at March 31, 1985 was allocated by the Board of Directors in April 1985 to scholarships and subsidies which will be awarded during 1985-1986 under the various Fonds programs.

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

R.S.Q., c. D-9.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds de la recherche en santé du Québec as at March 31, 1985 and the statements of operations and grant use for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at March 31, 1985 and the results of its operations and the use of its grants for the year then ended in accordance with the accounting policies disclosed in Note 2. Moreover, considering the change to the accounting policy for recording scholarships and grants received, as mentioned in Note 3, the policies were, in my view, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 27, 1985

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

R.S.Q., c. D-9.1

BALANCE SHEET
as at May 31, 1985

	1985	1984 (Note 6)
ASSETS		
CURRENT ASSETS		
Cash	$11 563	$46 767
Short-term deposits and accrued interest	3 499 579	1 603 987
Grant receivable from the Government	32 275	
Scholarships and grants to recover and other receivables	14 841	3 107
	$3 558 258	$1 653 861
LIABILITIES		
CURRENT LIABILITIES		
Grants and scholarships	$455 218	$378 591
Accounts payable and accrued charges	219 669	191 463
Grant carried over	1 176 700	
	1 851 587	570 054
SURPLUS	1 706 671	1 083 807
	$3 558 258	$1 653 861

On behalf of the Board of Directors,

Christiane Querido
Maurice Boisvert

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

GRANT USE AND SURPLUS

for the fiscal year ending May 31, 1985

	1985	1984 (Note 6)
GRANTS RECEIVED		
GOVERNMENT OF QUÉBEC		
Research grants	$19 280 567	$18 962 390
Scholarships	10 597 167	10 409 400
Fonds operating expenses	2 208 819	2 442 652
	32 086 553	31 814 442
INTEREST AND OTHER REVENUE	247 554	81 560
	32 334 107	31 896 002
GRANTS AND SCHOLARSHIPS AWARDED (Note 3)	29 653 796	29 288 255
	2 680 311	2 607 747
FONDS OPERATING EXPENSES (Note 4)	2 057 447	2 393 974
SURPLUS FOR FISCAL YEAR	622 864	213 773
SURPLUS AT THE BEGINNING	1 083 807	870 034
SURPLUS AT YEAR-END	$1 706 671	$1 083 807

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

NOTES TO FINANCIAL STATEMENTS

at May 31, 1985

1. Constitution and purpose

The Fonds pour la formation de chercheurs et l'aide à la recherche is a corporation incorporated under the Act to promote the advancement of science and technology in Québec, which was approved June 23, 1983 and came into effect November 28, 1984. This corporation replaces the Fonds F.C.A.C. for assistance and support to research, previously incorporated under the provisions of the Companies Act, and for this purpose has acquired its rights and property and assumed its liabilities.

The functions of the Fonds are to promote or provide financial assistance, through grants and scholarships, for research undertaken in post-secondary education establishments; work of researchers not attached to such establishments; the distribution of knowledge in all fields of research; training researchers by awarding scholarships based on excellence to students at the master's or doctorate level, to persons undertaking post-doctoral research and to those wishing to re-enter the research community. In addition, it implements the financial assistance programs entrusted to it by another act or, when authorized by the Government and under conditions which the latter sets, the financial assistance programs entrusted to it by a department of public organization.

2. Accounting policies

The financial statements of the Fonds were prepared by management according to the accrual accounting method within reasonable materiality limits and in accordance with accouting policies which may be summarized as follows:

Scholarships and grants awarded

Grants awarded under the program to assist the publication of scientific works are recorded at the time they are paid out, upon receipt of copies of the works published. Other scholarships and grants awarded as part of the activities of the Fonds are recorded at the time they are granted.

Fixed assets

Purchases of furniture and equipment are charged to the operating costs of the Fonds.

3. Scholarships and grants awarded

	1985	1984
Researcher training and joint action program	$18 689 617	$17 843 224
Assistance program for the publication of scientific works	218 809	274 276
Assistance program for researchers in colleges and researchers without recognized institutional affiliation	516 297	501 629
Scholarships program for studies, upgrading and refresher courses	10 229 073	10 669 126
	$29 653 796	$29 288 255

4. Operating costs

	1985	1984
Wages, salaries and fringe benefits	$1 242 722	$1 394 680
Cost of travel and accomodation for committee members	154 107	180 506
Transportation and communications services	290 142	352 199
Professional, administrative and other services	59 080	140 563
Rent	210 929	201 990
Maintenance and repairs	47 201	42 824
Office expenses	29 875	51 020
Furniture and equipment	23 391	30 192
	$2 057 447	$2 393 974

5. Retirement plan

The supplemental pension plan for employees of the Fonds pour la formation de chercheurs et l'aide à la recherche is a contributory defined contribution plan. The employer's obligations are limited to contributions due in accordance with the provisions of the plan. This plan will not pay benefits in excess of available funds. At December 31, 1984, 35 employees (38 in 1983) contributed to the plan.

The costs of the plan for the year, amounting to $44 162 ($43 620 in 1983) represent the cost of current service.

6. Comparative results

As of this fiscal year, the Fonds has adopted a new presentation of its financial statements. Comparative results have been restated to be consistent with the presentation adopted in 1985.

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

R.S.Q., c. D-9.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds pour la formation de chercheurs et l'aide à la recherche as at May 31, 1985, and the statement of application of grants received and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at May 31, 1985 and the application of grants received for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

The results for the year ended May 31, 1984, presented for comparison purposes, are derived from financial statements examined by other auditors.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 29, 1985

HYDRO-QUÉBEC

R.S.Q., c. H-5

CONSOLIDATED BALANCE SHEET

as at December 31

(in millions of dollars)

	1984	1983
ASSETS		
FIXED ASSETS		
Property and plant (Note 6)		
In use	24 657	21 657
Accumulated depreciation	2 717	2 402
	21 940	19 255
Construction work in progress	2 343	4 035
	24 283	23 290
CURRENT ASSETS		
Cash and investments	162	591
Accounts receivable and to invoice	809	729
Materials, fuel and supplies	180	156
	1 151	1 476
OTHER ASSETS		
Investments (Note 7)	126	127
Deferred expenses (Note 8)	1 569	286
	1 695	413
	27 129	25 179

On behalf of the Board of Directors,

Joseph Bourbeau
Guy Coulombe

Montréal, Canada April 1, 1985

HYDRO-QUÉBEC
R.S.Q., c. H-5

CONSOLIDATED BALANCE SHEET
as at December 31
(in millions of dollars)

	1984	1983
LIABILITIES AND SHAREHOLDER EQUITY		
LONG-TERM DEBT		
Bonds and other long-term debt (Note 9)	18 326	16 453
CURRENT LIABILITIES		
Accounts payable and accrued charges	544	535
Notes payable	2	39
Accrued interest	676	696
Dividends payable	156	60
Long-term debt due within a year (Note 9)	914	1 030
	2 292	2 360
SHAREHOLDER EQUITY		
Capital stock authorized 50 000 000 shares, $100 par value issued and paid-up: 43 741 090 shares	4 374	4 374
Retained earnings	2 137	1 992
	6 511	6 366
	27 129	25 179

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended December 31

(in millions of dollars)

	1984	1983
REVENUE		
Power sales (Note 3)	4 101	3 593
Other operating revenue	72	66
	4 173	3 659
EXPENDITURE		
Operations	1 105	1 038
Power purchase	158	117
Depreciation on property and plant	376	311
Taxes (Note 4)	224	209
	1 863	1 675
PROFIT BEFORE INTEREST AND EXCHANGE LOSS	2 310	1 984
Interest (Note 5)	1 785	1 149
Exchange loss (Note 2)	224	128
	2 009	1 277
NET PROFIT	301	707

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended December 31

(in millions of dollars)

	1984	1983
Balance at the beginning	1 992	1 345
Add:		
Net profit for the year	301	707
	2 293	2 052
Less:		
Dividends (Note 10)	156	60
Balance at year-end	2 137	1 992

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31

(in millions of dollars)

	1984	1983
FUNDS GENERATED FROM OPERATIONS		
Net profit	301	707
Depreciation of fixed assets	376	311
Depreciation of deferred costs	319	20
Write-off of preliminary studies		60
	996	1 098
Dividends declared	156	60
	840	1 038
FUNDS FROM OUTSIDE FINANCING		
Net issue of bonds and other long-term debt	1 164	1 841
less		
Redemption of bonds and other long-term debt	684	392
	480	1 449
FUNDS FROM VARIOUS SOURCES		
Change in working capital*	373	(228)
Others	(12)	(11)
	361	(239)
FUNDS AVAILABLE FOR INVESTMENT	1 681	2 248
INVESTMENT		
Fixed assets	1 591	2 170
Sales program subsidies	90	78
	1 681	2 248

* Excluding the less-than-one-year installment on the long-term debt.

HYDRO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Main accounting policies

a) Consolidation

The consolidated financial statements include those of Hydro-Québec and its subsidiaries as well as the financial statements of the Société d'énergie de la Baie James.

b) Rates

Under the terms of its governing Act, Hydro-Québec has been given the task of supplying power, conducting research into energy, its use and conservation and carrying on activity in related fields. It must supply power according to the conditions and rates consistent with sound financial management. Specifically, the Hydro-Québec Act provides that rates be maintained at a level sufficient to at least cover all operating costs, debt amortization and depreciation on fixed assets over a maximum period of fifty years. Rates are set by Hydro-Québec and approved by the Government.

c) Power sales

Revenue from power sales is recorded on the basis of a cyclical billing system. Hydro-Québec also takes into account power sold but not yet invoiced.

d) Property and plant (see Note 6)

Property and plant, which includes production, transportation and distribution facilities as well as administrative and service centres, are recorded at cost. Materials, direct labour, and general engineering and administrative charges that apply to construction enter into the cost. Also included is interest charged to construction in progress, explained in f) below. Acquisition, improvement and renovation costs are capitalized, while upkeep and repairs are charged to operations. When assets are sold or retired, the costs and corresponding accumulated depreciation, less realization value, are recorded in a separate account; the resulting net amount is depreciated over ten years using the compound interest depreciation method, based on a rate of 3 %.

The costs of production facilities is posted to property and plant in operation, in proportion to the number of units completed and in service over the full number planned for a new installation, on the basis of projected current final cost, up to accumulated cost at the time of posting. The cost of transportation, distribution and other facilities is posted to property and plant in service when completed and in commercial operation.

e) Depreciation

Fixed assets other than construction, operating and research equipment are depreciated using the compound interest depreciation method, based on the following anticipated service lives:

Hydraulic powerhouses, dams and reservoirs, steel pylons and transmission lines	50 years
Powerhouse turbines and generators and distribution conductors	40 years
Nuclear power station, turbine, generator and reactor	30 years
Distribution line poles	25 years

Construction, operating and research equipment is depreciated over the service life, using the straight line method.

f) Interest posted to Construction work in progress

Hydro-Québec adds interest to the cost of construction under way at the weighted average rate on bonds it has issued to finance the work. The rate was 13.42 % in 1984 and 13.51 % in 1983. It takes into account exchange rate fluctuations affecting interest payments in foreign currency and since 1984, the amortization of the unrealized loss on foreign exchange.

g) Research and development

Preliminary expenses for engineering, research and studies for a pre-construction-authorization project are charged to operating expenses. Hydro-Québec also assigns research and development costs not related to a specific project or having to do with new energy sources, to operations.

h) Materials, fuel and supplies

Hydro-Québec valuates its inventories of materials, fuel and supplies at average cost.

i) Investments

Both short and long-term investments are recorded at cost, which in the case of short-term investments approximates their current market value.

j) Deferred cost on power purchase (see Note 8)

Under the terms of a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) (see Note 12), Hydro-Québec absorbs those interest charges in excess of 5$^1/_2$ % on first mortgage bonds and over 6 % on other CFLCo indebtedness. The portion of such payments prior to 1975 when power production from Churchill Falls reached its full potential, deferred to subsequent fiscal years, is amortized using the straight-line method over the life of the contract (40 years) and charged to Power purchase. This item also includes annual payments Hydro-Québec is required to make under the contract.

k) Sales program subsidies (See Note 8)

As part of its plan to expand the Québec market, Hydro-Québec has implemented assistance programs to market electricity. The subsidies under these programs are amortized over the five years following the year they are granted, using the straight line method.

l) Revenue and expenditure from operations in foreign currencies are translated into Canadian dollars at the rates in effect at the time of the operations. Monetary assets and liabilities are translated into Canadian dollars at the rate in effect on the date of the balance sheet; non-monetary items are translated at the rates in effect at the time of the operations. However, monetary items covered by futures contracts are translated at the rates set by the conditions of such contracts. Foreign exchange gains or losses are included in the results; those pertaining to the long-term debt are deferred and amortized using the straight line method over the remaining term of the long-term debt.

m) Sinking fund

Hydro-Québec sets up almost all of its sinking funds by redeeming its own bonds. These funds are deducted from the long-term debt and recorded at their face value, which does not necessarily correspond to cost or market value. The resulting profit, after deduction of the non-amortized balance of the discount and other expenses, is included under interest (see Note 5). Bonds of a series that are redeemed for the sinking fund of such series are cancelled.

n) Dividends

The amount of dividends declared by the Government (see Note 10) is subtracted from the retained earnings of that fiscal year.

o) Pension plan

Plan costs are periodically established by independent actuaries. The cost of current service is charged to operations on an annual basis, as are those of past service and experience loss, which are amortized over a maximum fifteen-year period.

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1984

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2. Change in accounting policy

Foreign currency translation

In 1984, Hydro-Québec adopted the recommendations of the Canadian Institute of Chartered Accountants in regard to foreign currency translation. The long-term debt, which had previously been translated at the rates in effect at the time of the borrowings, is now translated at the rates in effect on the date of the balance sheet.

The resulting unrealized foreign exchange loss amounts to $1 252 million at December 31, 1984, of which $202 million was amortized over the fiscal year. The balance of $1 050 million shown in Note 8 as Unrealized foreign exchange loss will be amortized using the straight line method over the remaining term of the long-term debt. This change has resulted in a reduction in net earnings of $110 million compared to the method used in 1983.

3. Power sales

Power sales include $388 million ($340 million in 1983) to customers in the United States.

4. Taxes

(in thousands of dollars)	1984	1983
Tax on capital	115	108
Tax on gross revenue, as municipal tax on certain buildings	91	83
Real estate taxes	18	18
	224	209

5. Interest

(in thousands of dollars)	1984	1983
Interest on long-term debt	2 149	1 938
Interest on bank advances and notes payable	2	8
Amortization of bond discount and issue charges	22	19
	2 173	1 965
Less:		
Interest charged to the item Construction work in progress	300	736
Net investment earnings	70	62
Net profit on bond redemption	18	18
	388	816
	1 785	1 149

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

6. Property and plant

	1984 (in millions of dollars)			1983 (in millions of dollars)		
	Property & Plant in Service	Accumulated Depreciation	Construction Work in Progress	Property & Plant in Service	Accumulated Depreciation	Construction Work in Progress
Power production:						
Hydroelectric	12 624	1 108	1 447	10 818	973	3 038
Nuclear	1 440	38	6	1 453	8	
Other	323	96	13	318	85	5
	14 387	1 242	1 466	12 589	1 066	3 043
Transmission:						
Stations	2 327	230	271	1 923	200	380
Lines	3 565	343	307	3 228	301	363
	5 892	573	578	5 151	501	743
Distribution:						
Stations	807	127	85	720	114	75
Lines	2 330	366	126	2 070	331	83
	3 137	493	211	2 790	445	158
Other facilities:						
Administrative buildings	309	35	36	262	30	53
Equipment	407	225		367	200	
Sundry	525	149	52	498	160	38
	1 241	409	88	1 127	390	91
Total	24 657	2 717	2 343	21 657	2 402	4 035

7. Investments

	1984 (in millions of dollars)	1983 (in millions of dollars)
Churchill Falls (Labrador) Corporation Limited (CFLCo) (see Note 12)		
Bonds, general mortgage, 7¼%, maturing from 1985 through 2010 (par value, $90 and $92 million respectively)	82	83
Common shares	34	34
	116	117
Sundry investments	10	10
	126	127

65.8 % of CFLCo shares are held by Newfoundland and Labrador Hydro-Electric Corporation (a Crown corporation of the Province of Newfoundland) and 34.2 % by Hydro-Québec. Hydro-Québec's share of CFLCo profit, dividends and retained earnings at December 31, 1984 details as follows:

	Profit (in millions of dollars)	Dividends (in millions of dollars)	Retained Earnings (in millions of dollars)
Share of retained earnings at January 1, 1983			53
1983	10	7	3
1984	23	9	14
Share of retained earnings at December 31, 1984			70

Dividends are included in the item Net investment earnings (see Note 5).

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

8. Deferred expenses

Deferred expenses include the non-amortized balances of the following items:

	1984 (in millions of dollars)	1983 (in millions of dollars)
Discount and issuance expenses on bonds	178	176
Deferred cost on electricity purchases	30	31
Sales program subsidies	154	79
Projects*	157	
Unrealized foreign exchange loss (Note 2)	1 050	
	1 569	286

* As the completion of the Nottaway-Broadback-Rupert and La Romaine projects have been indefinitely postponed, expenses of $236 million spent on these projects have been deducted from the Construction in progress item and transferred to the Deferred expenses item. These expenses are amortized using the straight line method over three years.

9. Bonds and other debt

Hydro-Québec's long-term debt, is guaranteed by the Province of Québec.

The following table gives sinking fund requirements and the maturity schedule of long-term debt.

	Currency in Canadian dollars at the exchange rate in effect at the date of the financial statement (Note 2)		Currency in Canadian dollars at the exchange rate in effect when borrowing took place	
	1984		1983	
Due	(in millions of dollars)	Interest rate, weighted average	(in millions of dollars)	Interest rate, weighted average
1984			1 030	
1985	914		961	
1986	1 123		1 198	
1987	1 588		1 688	
1988	1 112		1 069	
1989	1 302			
1- 5 years	6 039	11.08%	5 946	11.36%
6-10 years	6 054	11.69%	5 125	11.57%
11-15 years	1 940	10.44%	1 460	9.14%
16-20 years	2 590	10.27%	1 989	10.16%
21-25 years	1 913	10.86%	1 976	10.81%
26-30 years	627	12.63%	888	11.89%
31-35 years	77	12.75%	99	12.75%
	19 240		17 483	
Less Due within a year	914		1 030	
	18 326		16 453	

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

9. Bonds and other debts (cont'd)

Repayment schedules for debts in Canadian dollars and foreign currencies detail as follows:

				Currency in Canadian dollars at the exchange rate in effect at the date of the financial statement (Note 2)	Currency in Canadian dollars at the exchange rate in effect when borrowing took place
	1984				1983
	(millions of units)			Total (in millions of dollars)	Total (in millions of dollars)
	1985 to 1989	1990 to 2015	Total	1985 to 2015	1984 to 2015
Canadian dollars	1 721	5 350	7 071	7 071	6 380
U.S. dollars	2 645	5 030	7 675	10 132	9 118
Deutschmarks	639	716	1 355	600	591
Swiss francs	851	885	1 736	899	822
Japanese yen	5 572	26 428	32 000	168	80
Pounds sterling		150	150	230	307
ECUs	90		90	84	114
Dutch florins	30	120	150	56	71
				19 240	17 483

Hydro-Québec has entered into agreements with various financial establishments to repay, at fixed rates and in Canadian dollars, certain borrowings contracted in foreign currencies and bearing interest at fixed or variable rates. At December 31, 1984, these agreements, which cover $467 million U.S., 250 million DM and 350 million Swiss francs, represented $980 million at the rates specified in these agreements.

Hydro-Québec has an unused revolving credit facility of $750 million U.S. or equivalent in Canadian dollars, which expires in 1984. All Canadian borrowings will bear interest at the average prime rate of the reference banks mentioned in the credit agreement, or at a rate tied to that for bankers' acceptances. All borrowings in U.S. dollars will bear interest at the London inter-bank offer rate (LIBOR).

NOTES TO FINANCIAL STATEMENT (cont'd)
at December 31, 1984

10. Dividend restrictions

Hydro-Québec dividends are declared yearly by the Government which sets payment terms. For a given fiscal year, these may not be greater than the surplus available for distribution as defined below. This surplus equals 75 % of net consolidated operating revenue before interest and exchange losses and net investment earnings over the same fiscal year, less interest on long-term debt, on bank indebtedness and on notes payable as well as discount and issue charges on corporate debt instruments. Calculations are based on the consolidated financial statements.

However, a dividend may not be declared for a specific fiscal year of the amount of such dividend would reduce Hydro-Québec's rate of capitalization to less than 25 % at the end of the fiscal year, and, on the other, total long-term debt, including notes payable, and shareholder equity, after deduction of dividends declared for the fiscal year.

The Government declares a dividend for a fiscal year within 30 days from the time Hydro-Québec provides financial information respecting the surplus available for distribution. After that period has passed, any available surplus not distributed as dividends may not be so assigned to the shareholder.

11. Pension plan

Hydro-Québec's pension plan is a contributory defined benefit plan, with benefits guaranteed by Hydro-Québec. At December 31, 1984, 18 683 employees (19 103 in 1983) contributed to the plan.

Based on independent actuarial opinions submitted in 1985, the fund making up the basic plan in the Pension Fund was in a surplus position of $89 million, while the supplemental pension fund showed a deficiency of $135 million at December 31, 1983; at December 31, 1981, the deficit for these funds totalled $212 million. The main reason for the improvement in the financial position of the pension plan is the gain realized on the asset side, a slower rate of growth in wages and changes in actuarial assumptions.

The cost of the plan, which amounted to $101 million in 1984 ($128 million in 1983) represents the cost of current service and amortization of the cost of past service and experience losses.

These costs include contributions of $10 million in 1984 and $56 million in 1983 and 1982, greater than those which would be required based on the actuarial studies in January 1985 and October 1983. Hydro-Québec will decide how to dispose of these amounts.

12. Commitments, contingencies and capital spending

Churchill Falls

In May 1969, Hydro-Québec signed a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) for the purchase of power, beginning in 1972, generated by a station with a rated capacity of 5 225 000 kilowatts erected at Churchill Falls, Labrador.

The agreement provided that CFLCo would sell virtually all the power generated at Churchill Falls to Hydro-Québec for a period of forty years starting at the date of completion defined in the contract (September 1, 1976), except for 300 000 Kilowatts which CFLCo could reserve for itself. The contract is automatically renewable for a further 25 years under terms specified in the original.

Hydro-Québec agreed to pay a part of interest charges on debts contracted by CFLCo to finance construction of the generating facility as well as a portion of exchange losses sustained on debts in U.S. currency. Subject to certain limitations and compensation measures, Hydro-Québec is required to buy power, whether it is used or not, and can also be held to provide further funds through the purchase of subordinated debentures and common stock if no other means of covering CFLCo expenditures and debt servicing were available.

In 1976, writs of summons and a statement of claim were served on CFLCo and Hydro-Québec in connection with court action launched before the Supreme Court of Newfoundland by the Attorney General of that province. The suit aims at obtaining a declaratory judgement giving Newfoundland the right, by virtue of the lease it granted to CFLCo, to request that CFLCo deliver to it 800 megawatts of power produced from the upper Churchill river as of October 1, 1983, a request the company is required to fulfill and which compliance shall not constitute a breach of the terms of the power purchase or financing agreement.

In the opinion of Hydro-Québec legal counsel, the validity of the energy agreement cannot be contested, nor can its terms, before the courts and, specifically, the aforementioned suit has no basis in law since it seeks a declaration that would negate rights acquired by Hydro-Québec. Hydro-Québec counsel presented a defense before the Supreme Court of Newfoundland. After hearing the case, in June 1983, the court rejected the claim submitted by the Attorney General of Newfoundland, who has filed an appeal before the Newfoundland Court of Appeal, which heard the appeal during the third week of October 1984 and which has not yet rendered its ruling.

In 1977, Hydro-Québec began proceedings before the Superior Court in the district of Montréal to obtain a judgement confirming that the terms of the power purchase agreement give it the right to almost all the energy generated by the Churchill Falls facility and that failure on the part of CFLCo to sell or deliver such power would constitute a breach of contract. The Court handed down its decision in August 1983 in favour of Hydro-Québec which CFLCo has appealed before the Appeal Court of Québec, presently before the court which heard the appeal on December 12, 1984 and which has not yet rendered its ruling.

Agreements with Native peoples

Within the framework of construction work on Phase 1 of the La Grande complex, Hydro-Québec, the Société d'énergie de la Baie-James, the Government of Québec and the Government of Canada have signed agreements with the James Bay Crees, the Inuit and the Naskapis for an estimated $340 million. The agreements provide, among other things, for the extinguishment of land claims by the Cree, Inuit and Naskapis over certain parts of Québec, including the area where the hydroelectric complex is located. Under these agreements, Hydro-Québec and the Société d'énergie de la Baie James are committed to pay $174 million without interest. Such amounts are charged to the cost of hydroelectric projects for the fiscal year when due: $91 million of this has been recorded at December 31, 1984, $7 million will be posted in 1985 and $76 million from 1986 through 1996.

Capital spending

Hydro-Québec projects that spending on fixed assets will amount to $1 612 million during fiscal 1985.

13. Reclassification

Certain comparative figures for 1983 have been reclassified to be consistent with the presentation adopted in 1984.

HYDRO-QUÉBEC

R.S.Q., c. H-5

AUDITOR'S REPORT

To the Government:

We have examined the consolidated balance sheet of Hydro-Québec at December 31, 1984 and the consolidated statement of operating results, that of retained earnings and that of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therfore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these consolidated statements accurately present the financial situation of Hydro-Québec at December 31, 1984 as well as its operating results and the change in that position for the fiscal year then ended, according to widely accepted accounting principles and with the exception of the change in the method of converting foreign currency, mentioned in Note 2 of the financial statement, these accounting principles were applied on a basis consistent with that of the previous year.

Samson Bélair,
Chartered Accountants

Raymond, Chabot, Martin, Paré & Associés,
Chartered Accountants

Montréal, Canada, February 14, 1985

HYDRO-QUÉBEC — PENSION FUND

ASSETS
as at December 31
(in millions of dollars)

	1984	1983
INVESTMENTS		
Hydro-Québec		
Bonds guaranteed by the Province of Québec	473	444
Bonds issued or guaranteed by the Province of Québec	255	247
Bonds issued or guaranteed by other provinces	16	19
Bonds issued by municipalities, school boards, cegeps, hospitals and universities	132	117
Bonds issued or guaranteed by the Government of Canada	164	190
Corporate bonds	63	46
(Par value of $1 107 million, market value of $1 084 million)	1 103	1 063
Common shares (market value of $4 million)	2	2
Other investments guaranteed by provinces (market value of $93 million)	92	14
Cash and short-term investments	459	323
	1 656	1 402
ACCRUED INTEREST ON INVESTMENTS	36	31
RECEIVABLE FROM HYDRO-QUÉBEC	5	4
	1 697	1 437

On behalf of Hydro-Québec.

Joseph Bourbeau
Guy Coulombe

Montréal, Canada, April 1, 1985

HYDRO-QUÉBEC — PENSION FUND

CHANGE IN ASSETS
for the fiscal year ended December 31
(in millions of dollars)

	1984	1983
ASSETS AT THE BEGINNING	1 437	1 165
Increase		
Current contributions		
Employees	35	35
Hydro-Québec	69	67
	104	102
Hydro-Québec contribution (Note 2)	26	48
Investment earnings	174	152
	304	302
	1 741	1 407
Decrease		
Benefits paid	44	30
ASSETS AT YEAR-END	1 697	1 437

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Accounting policies

(a) The financial statements show only the assets of the Pension Fund for Hydro-Québec employees, not its capability of meeting pension plan commitments, which are guaranteed by Hydro-Québec.

(b) Investments are shown at cost, except for bonds which are shown at amortized cost. Detached coupons are included under Other investments guaranteed by the provinces.

(c) Contributions and investment earnings, as well as pension benefits, are recorded on the accrual basis.

2. Actuarial studies

Based on independent actuarial opinions submitted in 1985, the fund making up the basic plan in the Pension Fund was in a surplus position of $69 million, while the supplemental pension fund showed a deficiency of $135 million at December 31, 1983; at December 31, 1981, the deficit for these funds totalled $212 million. The main reason for the improvement in the financial position of the pension plan is the gain realized on the asset side, a slower rate of growth in wages and changes in actuarial assumptions. Hydro-Québec assumes these commitments will be amortized over a maximum period of 15 years.

HYDRO-QUÉBEC — PENSION FUND

AUDITOR'S REPORT

To the administrators,

We have examined the statement of assets of the Pension Fund for Hydro-Québec employees at December 31, 1984 and that of change in assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the assets of the Pension Fund at December 31, 1984 as well as their change for the fiscal year then ended according to widely accepted accounting principles, applied on a basis consistent with that of the previous year.

Samson Bélair,
Chartered Accountants

Raymond, Chabot, Martin, Paré & Associés,
Chartered Accountants

Montréal, Canada, February 14, 1985

INSTITUT NATIONAL DE PRODUCTIVITÉ

R.S.Q., c. I-13.1

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
Cash and term deposits	$87 712	$311 836
Accounts receivable	45 323	5 583
Accrued interest on term deposits		21 896
Prepaid charges		8 093
	$133 035	$347 408
LIABILITIES		
Bank loan — secured by term deposit		$85 828
Accounts payable and accrued charges	$53 491	51 402
	53 491	137 230
SURPLUS		
Balance at the beginning	210 178	733 943
Surplus expenditure over subsidy and renvenue for the year	130 634	523 765
Balance at year-end	79 544	210 178
	$133 035	$347 408

COMMITMENTS (Note 5)

On behalf of the Institut,

Marcel Alain
Raymond Bachand

INSTITUT NATIONAL DE PRODUCTIVITÉ

STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985	1984
EXPENDITURE		
Wages, salaries, allowances and fringe benefits	$701 962	$741 624
Communications	40 928	66 044
Rent and maintenance	110 227	114 725
Administrative services	96 303	78 593
Office supplies	14 461	20 188
Projects and programs (Note 3)	334 649	615 366
Fixed assets:		
Furnishings	349	3 055
Office furniture	9 787	2 734
Leasehold improvements	4 876	1 687
Moving expenses	4 504	
Bad debts	579	
	1 318 625	1 644 016
REVENUE		
Publications and advertising	36 104	38 673
Activities and symposia	117 158	19 310
Interest on term deposits	51 229	71 068
	204 491	129 051
SURPLUS EXPENDITURE OVER REVENUE	1 114 134	1 514 965
Subsidy from the Government (Note 4)	983 500	991 200
SURPLUS EXPENDITURE OVER SUBSIDY AND REVENUE	$130 634	$523 765

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Institut national de productivité was founded by a special Act to inform the population and economic agents on the notion of productivity, in the context of the general economic situation and policies, of its importance and the role of the various factors influencing cooperation and concerted action in improving productivity.

2. Accounting policies

Institut financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

The acquisition of office furniture and equipment is charged to operations, as are leasehold improvements.

Pension plan contribution

The contribution of the Institut as employer to the Government and Public Employees Pension Plan is made through the ministère de la Fonction publique and does not appear on the statement of revenue and expenditure.

3. Projects and programs

The cost incurred for publications is shown under the item "Projects and programs" on the statement of revenue and expenditure. The inventory of publications at March 31, 1985 amounts to approximately $135 000 (1984: $90 000) at selling prices, which is below their cost of production and not shown on the financial statements.

4. Subsidy from the Government

Under the Act founding the Institut, funds required to implement the Act are paid from annual appropriations voted by the Legislature for the ministère de l'Industrie, du Commerce et du Tourisme operating budget.

5. Commitments

The Institut is bound by various leases to rent office space and various items of office equipment for terms not exceeding five years. At March 31, 1985, these commitments stood at $143 447, and the minimum payments required over the coming years are as follows:

1986	1987	1988	1989	1990
$78 317	$33 900	$11 691	$11 691	$7 848

INSTITUT NATIONAL DE PRODUCTIVITÉ

R.S.Q., c. I-13.1

AUDITOR'S REPORT

I have examined the balance sheet of the Institut national de productivité as at March 31, 1985 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institut as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 3, 1985

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

R.S.Q., c. I-13.2

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	$91 409	$10 998
Term deposits	34 690	127 356
Accounts receivable	12 576	41 696
Inventory	158 490	167 280
Work in progress	42 274	30 180
Expenses charged to the next fiscal year (Note 3)	4 469	27 850
	343 908	405 360
FIXED ASSETS (Note 4)	109 901	109 965
	$453 809	$515 325
ENDOWMENT FUND — balance (Note 5)	$180 387	$133 746
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	$20 000	
Accounts payable and accrued charges	154 026	$148 652
Deferred revenue		129 115
Owed the Endowment Fund		49 924
	174 026	327 691
EQUITY	279 783	187 634
	$453 809	$515 325
ENDOWMENT FUND (Note 5)	$180 387	$133 746

COMMITMENTS (Note 7)

On behalf of the Institut,

Georges Lamy
Nicole Laflamme

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

REVENUE AND EXPENDITURE

for the fiscal year ended March 31, 1985

	1985	1984
EXPENDITURE (Note 6)		
Research	$1 790 064	$1 658 616
Administration	316 607	289 621
	2 106 671	1 948 237
REVENUE		
Interest on term deposits	121 800	76 854
Sale of publications	45 747	53 215
Gift	6 750	43 156
Other	28 023	43 262
	202 320	216 487
SURPLUS EXPENDITURE OVER REVENUE	1 904 351	1 731 750
SUBSIDIES FROM THE GOVERNMENT (Note 7)	1 996 500	1 815 000
SURPLUS REVENUE AND SUBSIDIES OVER EXPENDITURE	$92 149	$83 250

EQUITY

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING	$187 634	$104 384
Surplus revenue and subsidies over expenditure	92 149	83 250
BALANCE AT YEAR-END	$279 783	$187 634

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Institut québécois de recherche sur la culture was founded under a special Act to promote Québec's cultural development by undertaking, encouraging and supporting research and studies on the different aspects of cultural phenomena.

By regulation, the Institut created an Endowment Fund to hold sums received by donation, endowment, grant or other form of contribution for the purposes of assisting its development and defraying the costs of cultural research. Property of the Institut, the Fund's equity comes from business, institutions (other than Government departments and agencies) and individuals. Equity may not be withdrawn from the Fund. Only the Fund's earnings may be used for Institut ends.

2. Accounting policies

Inventory

Inventory consists of publications, which are valued at the costs of printing, copyright and graphics; wages, salaries, fees and other indirect production charges are excluded. They are valued at the lesser of such costs or the net realization value.

Work in progress

The item includes the cost of revising manuscripts and proofreading, fees, graphics and photography services for publications not yet completed.

Fixed assets

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated service life at the following rates:

	Service Life	Rate
Furniture, equipment and sign	10 yrs	10 %
Library	20 yrs	5 %

3. Expenses charged to the next fiscal year

	1985	1984
Rent		$23 774
Other	$4 469	4 076
	$4 469	$27 850

4. Fixed assets

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Furniture	$95 109	$40 792	$54 317	$60 106
Library	9 466	2 267	7 199	7 674
Sign	937	281	656	750
Equipment	75 586	27 857	47 729	41 435
	$181 098	$71 197	$109 901	$109 965

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

5. Endowment fund

	1985	1984
Revenue		
Interest on term deposits	$15 111	$1 095
Gifts	31 540	79 670
Institut contribution		63 206
	46 651	143 971
Expenditure		
Fees		2 045
Travel and representation		453
Furnishing and supplies	10	284
	10	2 782
Surplus revenue over expenditure	46 641	141 189
Balance (deficit) at the beginning	133 746	(7 443)
Balance at year-end*	$180 387	$133 746
* Itemized as:		
Cash	$8 281	$11 828
Term deposits	170 978	66 542
Accounts receivable	1 128	5 452
Owed by the Institut		49 924
	$180 387	$133 746

The Institut statement of revenue and expenditure does not cover the operations of the Endowment Fund.

6. Expenditure

	1985		1984	
	Research	Administration	Research	Administration
Wages, salaries and fringe benefits	$1 313 888	$193 035	$1 110 433	$161 936
Researchers' fees	213 064		162 831	
Research documentation	1 897		2 432	
Travel and representation	47 361	28 731	55 727	28 033
Furnishing and supplies	113 519	28 380	87 961	18 977
Upkeep and repairs	17 721	4 430	12 221	3 055
Rent	131 892	32 092	113 768	28 442
Light and heat	5 489	1 372	6 001	1 500
Telephone	26 206	6 552	24 319	6 080
Depreciation of fixed assets	14 109	3 527	12 703	3 176
Taxes and insurance	2 458	614	3 951	988
Professional fees		14 080		16 844
Publications	110 483		48 906	
Miscellaneous	85	614		4 187
Interest and banking fees		3 180		3 762
Contribution to Endowment Fund			50 565	12 641
	1 998 172	316 607	1 691 818	289 621
Government of Canada grant	208 108		33 202	
	$1 790 064	$316 607	$1 658 616	$289 621

7. Commitments

At March 31, 1985, minimal payments for space rental under long-term leases details as follows:

1986	$120 944
1987	91 543
1988	7 500
	$219 987

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

R.S.Q., c. I-13.2

AUDITOR'S REPORT

I have examined the balance sheet of the Institut québécois de recherche sur la culture as at March 31, 1985 and the statements of revenue and expenditure and equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial situation of the Institut as at March 31, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 31, 1985

INSTITUT QUÉBÉCOIS DU CINÉMA

R.S.Q., c. C-18.1 and amendments

BALANCE SHEET
at March 31, 1985

	1985	1984
CURRENT ASSETS		
Cash	$23 587	$18 579
Accounts receivable	408	
Prepaid expenses	781	8 540
	24 776	27 119
FIXED ASSETS (Note 3)	22 830	
	$47 606	$27 119
CURRENT LIABILITIES		
Bank loans (Note 4)	$43 889	
Accounts payable and accrued expenses	25 658	$30 360
Deferred subsidy (Note 5)	20 000	
	89 547	30 360
DEFICIT	41 941	3 241
	$47 606	$27 119

COMMITMENT (Note 6)

On behalf of the Institut,

Jean Colbert, Treasurer
Claude Fournier, President

INSTITUT QUÉBÉCOIS DU CINÉMA

REVENUE, EXPENDITURE AND DEFICIT

for the fiscal year ended March 31, 1985

	1985	1984
	(12 months)	(3½ months)
EXPENDITURE		
Allowance for members' attendance	$46 205	$23 500
Travel and other expenses of members	12 546	8 350
Wages, salaries and fringe benefits	82 034	10 115
Professional fees	7 925	3 484
Travel and representation expenses	8 814	1 929
Rent, maintenance and insurance	26 121	1 480
Taxes and licences	3 834	
Furniture and equipment rental	5 649	504
Communications and advertising	12 947	1 808
Supplies	14 213	1 943
Interest and bank charges	3 430	
Miscellaneous	1 139	128
Depreciation — Furniture and office equipment	4 399	
Depreciation — Leasehold improvements	2 618	
	231 874	53 241
REVENUE		
Interest on bank deposits and other revenue	3 174	
	3 174	
EXCESS OF EXPENDITURE OVER REVENUE	228 700	53 241
GOVERNMENT SUBSIDY	190 000	50 000
EXCESS OF EXPENDITURE OVER SUBSIDY AND REVENUE	38 700	3 241
DEFICIT AT THE BEGINNING	3 241	
DEFICIT AT YEAR-END	$41 941	$3 241

INSTITUT QUÉBÉCOIS DU CINÉMA

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Institut québécois du cinéma, a corporation within the meaning of the Civil Code, was incorporated under the Cinema Act.

The purpose of the Institut is to advise the Minister of Cultural Affairs of Québec on the preparation and implementation of the policy with respect to cinema, and monitor its application. Under the policy with respect to cinema, its purpose also includes:

— determining the orientations of the Société générale du cinéma du Québec while respecting its functions;

— determining the assistance plan and approving the programs of the Société générale du cinéma du Québec in accordance with the Cinema Act;

— undertaking research and studies in the field of cinema; and

— cooperating with the Government, the Régie du cinéma and any other person in establishing technical standards concerning the cinema industry.

For the purposes of granting financial assistance and according to needs, the Institut is responsible for establishing standards for recognizing works as Québec films.

2. Accounting policies

The financial statements of the Institut were prepared by management according to generally accepted accounting principles, within reasonable limits of materiality and in accordance with the following accounting policy:

Fixed assets

Acquistions of fixed assets are recorded at cost and depreciated using the following rates and methods:

	Method	Rate
Office equipment and furniture	Diminishing balance	20 %
Leasehold improvements	Duration of the lease	

3. Fixed assets

	1985		
	Cost	Accumulated depreciation	Net
Office equipment and furniture	$21 993	$4 399	$17 594
Leasehold improvements	7 854	2 618	5 236
	$29 847	$7 017	$22 830

4. Bank loans

	1985
Borrowing against line of credit	$30 000
Special borrowing to finance the purchase of office equipment and furniture	13 889
	$43 889

5. Deferred grant

During the fiscal year, the Institut received a grant from the Government to undertake a tour for information purposes and for consultation in regard to the Cinema Act. This tour has been deferred until fiscal 1985-1986.

6. Commitment

The Institut is bound by a lease for its administrative office space which expires March 31, 1987. At March 31, 1985, the balance of this commitment stands at $40 000.

INSTITUT QUÉBÉCOIS DU CINÉMA

R.S.Q., c. C-18. 1 et modifications

AUDITOR'S REPORT

I have examined the balance sheet of the Institut québécois du cinéma as at March 31, 1985 and the statement of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institut as at March 31, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting policies, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 3, 1985

LOTO-QUÉBEC

R.S.Q., c. S-13.1

CONSOLIDATED BALANCE SHEET

as at March 31, 1985
(in thousands of dollars)

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash and term deposits	24 427	11 065
Advance — subsidiary, Lotim Inc. (Note 3)	1 047	1 253
Accounts receivable (Note 4)	9 962	11 466
Prepaid expenses	4 180	3 734
	39 616	27 518
INVESTMENTS		
Wholly-owned subsidiary (Note 5)		
FIXED ASSETS (Note 6)	47 306	51 047
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 7)	3 623	4 470
	90 545	83 035
LIABILITIES		
CURRENT LIABILITIES		
Winnings payable	7 754	7 156
Accounts payable and accrued charges	20 801	24 260
Provision for bonus winnings (Note 8)	2 170	3 430
Deferred income — lottery tickets	14 431	14 665
	45 156	49 511
COMMITMENTS UNDER CAPITAL LEASE (Note 7)	3 289	4 343
SHAREHOLDER EQUITY		
Authorized share capital issued and paid up: 1 700 shares at $100 par value	170	170
Retained earnings	41 930	29 011
	42 100	29 181
	90 545	83 035

COMMITMENTS (Note 12)
CONTINGENT LIABILITY (Note 13)

On behalf of the Board of Directors,

Jean-Marc Lafaille
Jacques Desmeules

LOTO-QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	1985	1984
SALES — Lottery tickets	741 102	662 177
COST OF SALES		
Winnings	342 086	304 682
Discounts to retailers	40 973	37 518
Printing of tickets	17 454	17 306
	400 513	359 506
GROSS EARNINGS	340 589	302 671
ADMINISTRATIVE EXPENSE		
Advertising and communications	16 079	15 020
Distribution and sales	16 759	16 867
Data processing	19 954	16 635
Administration	18 884	14 327
Depreciation of fixed assets	8 256	8 318
	79 932	71 167
Interest earnings — net (Note 9)	2 131	1 276
	77 801	69 891
SURPLUS BEFORE THE FOLLOWINGS ITEMS:	262 788	232 780
Payments to the Government of Canada as compensation for withdrawal from the field of lotteries (Note 10)	9 468	9 217
Special commissions to non-profit organizations (Note 11)	401	443
	9 869	9 660
NET PROFIT	252 919	223 120

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	1985	1984
BALANCE AT THE BEGINNING	29 011	10 891
Net profit for the year	252 919	223 120
	281 930	234 011
Dividend to the Minister of Finance	240 000	205 000
BALANCE AT YEAR-END	41 930	29 011

LOTO-QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	1985	1984
SOURCE OF FUNDS		
Net profit for the year	252 919	223 120
Depreciation of fixed assets	8 256	8 318
Earnings from operations	261 175	231 438
Proceeds from the disposal of fixed assets		5 472
Commitments under capital lease contracts		4 343
	261 175	241 253
APPLICATION OF FUNDS		
Dividend to the Minister of Finance	240 000	205 000
Acquisition of fixed assets	3 607	42 796
Acquisition of assets held under capital lease contracts	61	5 587
Reduction in obligations under sale-leaseback contracts	1 054	
	244 722	253 383
CURRENT LIABILITIES OVER CURRENT ASSETS		
Increase (decrease) during the year	(16 453)	12 130
Balance at the beginning	21 993	9 863
Balance at year-end	5 540	21 993

LOTO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Societe des loteries et courses du Québec, or Loto-Québec, is a joint-stock company whose shares are held by the Government. Under its founding act, Loto-Québec is charged with operating and administering lotteries.

2. Major accounting policies

The financial statements of Loto-Québec were prepared by management according to widely accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Consolidation

The consolidated financial statements of Loto-Québec include the accounts of its wholly-owned subsidiary Lotim Inc. at December 31, 1984.

Loto-Québec equity in the wholly-owned subsidiary S.O.D.I.C. Québec Inc. is recorded at its cost of acquisition since the subsidiary's net equity is unlikely to be recovered by Loto-Québec.

Fixed assets

Fixed assets are recorded at cost and depreciated according to the straight-line method at the following annual rates:

Building*	2%
Office furniture	10%
Equipment	20% and 12½%
Furnishing and leasehold improvements	20% and 10%
Rolling stock	30%

*Owned jointly with Immeubles Cadimont Inc.

Assets held under capital lease contracts

Assets on the books under capital lease are recorded at their cost of acquisition and depreciated according to the straight-line method. Commitments under such contracts are shown at the current value of minimal payments to be made.

Revenue

Gross revenue from the sale of lottery tickets is recorded on the date the draw is held, with instant-draw tickets entered at the time of sale.

Lottery tickets sold on March 31 for latter draws generate revenue which is posted to deferred income, with discounts to retailers posted to prepaid expenses.

Prizes awarded

In addition to cash prizes, Loto-Québec also awards free tickets. The value assigned to these prizes is equal to the sale price and is included in sales as revenue, and in prizes awarded as an expenditure.

3. Advance — Subsidiary, Lotim Inc.

An advance covering the period January to March 31, 1985 was made to the wholly-owned subsidiary Lotim Inc. (1984: from January 1984 to March 1984).

4. Accounts receivable

	1985	1984
	(in thousands of dollars)	(in thousands of dollars)
Ticket retailers	3 778	3 851
Wholesale distributors	4 383	3 959
Société de la Loterie Interprovinciale Inc.	1 447	2 755
Sundry	354	901
	9 962	11 466

Loto-Québec holds promissory notes redeemable on demand or IOU's for advances to ticket wholesalers, with bank guarantees covering all or part of these advances.

5. Investment

At March 31, 1985, Loto-Québec held all S.O.D.I.C. Québec Inc. common shares at a par value of $10. The audited financial statements of S.O.D.I.C. Québec at March 31, 1985 show a book value of $1 912 866 ($2 345 240 at March 31, 1984).

6. Fixed assets

	1985			1984
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)
Land*	2 500		2 500	2 500
Building*	15 605	464	15 141	15 301
Leasehold improvements and furnishings	6 880	1 357	5 523	5 467
Equipment	45 871	24 195	21 676	25 804
Office furniture and rolling stock	3 772	1 306	2 466	1 975
	74 628	27 322	47 306	51 047

*Owned jointly with Immeubles Cadimont Inc.

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1985

7. Assets held under capital lease contracts

	1985			1984
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)
Data-processing equipment	5 649	2 026	3 623	4 470

The following table shows minimal payments to be made after March 31, 1985 under capital lease arrangements and the current value of commitments under their terms.

		1985	1984
		(in thousands of dollars)	(in thousands of dollars)
Fiscal year			
1985 to			
1988	1 699 $ × 3 yrs	5 097	
	1 684 $ × 4 yrs		6 736
1989		483	322
1990		45	
Total minimum payments		5 625	7 058
Less: interest at 17 ½ %		1 325	1 821
		4 300	5 237
Less: current payments		1 011	894
Commitments under capital lease contracts		3 289	4 343

8. Provision for bonus winnings

Unclaimed Mini-Loto and Inter-Loto winnings are posted to a provision for later bonus distribution

9. Interest Revenue — net

	1985	1984
	(in thousands of dollars)	(in thousands of dollars)
Interest on bank deposits	2 895	2 288
Less: interest on capital lease commitmens	764	1 012
	2 131	1 276

10. Payments to the Government of Canada as compensation for withdrawal from the field of lotteries

Under the terms of the agreement reached between the provincial governments and the federal government concerning the latter's withdrawal from the field of lotteries, the provinces pay twenty-four million 1979 dollars annually as compensation. Québec's share is calculated on the basis of net sales revenue from the Super-Loto in Québec and the Provincial, payable by the Société according to the agreement reached between the provinces and regional lottery corporations. For fiscal 1985-1986 the Société will have to pay approximately $10 million as its contribution.

11. Special commissions to non-profit agencies

In accordance with a shareholder decision, there is a commission equal to the discount for ticket retailers paid to non-profit organizations selling tickets through the LOTOMATIQUE subscription system.

12. Commitments

Long-term leases for office space through December 1989: the leases include a renewal option after five years.

Rental expense for the fiscal year ended March 31, 1985 amounts to $2 979 451.

Minimum rent over the next five fiscal years breaks down as follows:

	(in thousands of dollars)
1985-1986:	4 061
1986-1987:	4 061
1987-1988:	3 885
1988-1989:	1 254
1989-1990:	209

13. Contingent Liability

An adjustment clause is included in the contract for purchase of a building by the wholly-owned subsidiary Lotim Inc. Under its terms, the purchase price may be increased by up to $7 million to a total price $42 000 000, plus a third of any amount exceeding $45 million. Lotim Inc. must assume half of any such increase. The contingent liability pursuant to that clause is undetermined at March 31, 1985. However, management is of the view that the chances of the Société having to incur this liability are slight.

LOTO-QUÉBEC

R.S.Q., c. S-13.1

AUDITOR'S REPORT

I have examined the consolidated balance sheet of Loto-Québec as at March 31, 1985 and the consolidated statements of income, retained earnings, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of Loto-Québec as at March 31, 1985, the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 17, 1985

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

R.S.Q., c. M-44

BALANCE SHEET
at March 31, 1985

ASSETS	
CURRENT ASSETS	
Cash	$230 137
Term deposits	461 442
Grants receivable	190 100
Accounts receivable	3 542
	$885 221
LIABILITIES	
CURRENT LIABILITIES	
Suppliers and accrued expenses	$520 643
Amounts owed to the Government	188 000
Deferred federal grant	25 293
	733 936
EQUITY	151 285
	$885 221

On behalf of the Board of Directors,

J.V.R. Cyr
Claudette Marrullo Barbaud

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

REVENUE, EXPENDITURE AND EQUITY
for the period from May 16, 1984 to March 31, 1985

EXPENDITURE (Note 3)	
Administration	$618 918
Direction de la conservation	358 552
Direction des communications	286 613
	1 264 083
REVENUE	
Federal grant for specific project	47 215
Interest and other	27 073
	74 288
SURPLUS OF EXPENDITURE OVER REVENUE BEFORE GOVERNMENT GRANTS	1 189 795
Government grants	
Start-up	136 000
Operating	1 205 080
	1 341 080
SURPLUS OF REVENUE AND GRANTS OVER EXPENDITURE FOR THE PERIOD AND EQUITY AT MARCH 31, 1985	$151 285

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Musée d'Art contemporain de Montréal is a corporation within the meaning of the Civil Code, and was incorporated May 16, 1984, under the National Museums Act. Its purpose is to make known, further and preserve contemporary Québec art and to ensure the presence of international contemporary art through acquisitions, exhibitions and other activities.

The provisions of its act of incorporation concerning its purpose and powers became effective November 9, 1984. During this transitional period, it received no operating grants; however, the Government covered all its expenditure.

2. Accounting policies

The museum's financial statements were prepared by management according to the accrual method of accounting, within reasonable limits of materiality and in accordance with accounting policies which may be summarized as follows:

Fixed assets

Fixed asset acquisitions are charged to operations.

Works of art

Acquisitions of works of art are charged to operations. The museum's permanent collection is not shown in the balance sheet.

3. Expenditure

	Administration	Conservation division	Communication division	Total
Salaries and other remuneration	$125 400	$122 616	$133 229	$381 245
Professional, administrative and other services	142 112	156 898	53 511	352 521
Transportation and communication services	34 640	31 337	74 905	140 882
Supplies	36 943	36 471	18 099	91 513
Material and equipment	20 032	10 400	1 823	32 255
Repairs and maintenance	205 791	830	5 046	211 667
Allowance for property taxes	54 000			54 000
	$618 918	$358 552	$286 613	$1 264 083

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

R.S.Q., c. M-44

AUDITOR'S REPORT

I have examined the balance sheet of the Musée d'Art contemporain de Montréal as at March 31, 1985 and the statements of revenue and expenditure and equity for the period from May 16, 1984 to March 31, 1985. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Musée as at March 31, 1985 and the results of its operations for the period from May 16, 1984 to March 31, 1985 in accordance with the accounting policies disclosed in Note 2.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 18, 1985

MUSÉE DE LA CIVILISATION

R.S.Q., c. M-44

BALANCE SHEET

at March 31, 1985

ASSETS	
CURRENT ASSETS	
Cash	$378 947
Accounts receivable	3 005
Prepaid expenses	4 810
	$386 762
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$11 570
EQUITY	375 192
	$386 762

On behalf of the Board of Directors,

Richard LeHir
Owen Carter

MUSÉE DE LA CIVILISATION

REVENUE AND EXPENDITURE
for the period from December 19, 1984 to March 31, 1985

EXPENDITURE (Note 3)	
Administration	$44 714
Collections division	17 619
Communications division	13 853
	76 186
REVENUE	
Federal grant for acquisition of cultural property	4 625
Interest and other	4 693
	9 318
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOVERNMENT OF QUÉBEC GRANT	66 868
Québec Government grant	442 060
SURPLUS REVENUE AND GRANT OVER EXPENDITURE FOR THE PERIOD	$375 192

EQUITY
for the period from December 19, 1984 to March 31, 1985

SURPLUS REVENUE AND GRANT OVER EXPENDITURE FOR THE PERIOD AND BALANCE AT MARCH 31, 1985	$375 192

MUSÉE DE LA CIVILISATION

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and purpose

The Musée de la civilisation is a corporation within the meaning of the Civil Code, and was incorporated May 16, 1984, under the National Museums Act. Its purpose is to contribute to the cultural development of Québec, make the history and various other components of our civilization known, especially the physical and social culture of those who occupied the territory of Québec and those that have enriched it; to preserve and develop the ethnographic and other representative collections of our civilization and represent Québec in the international network of museological activities through acquisitions, exhibitions and other activities.

The section of the Act concerning its purpose became effective April 1, 1985. During this transitional period, the Government has covered most of the Musée's expenditures.

2. Accounting policies

The financial statements of the Musée de la civilisation were prepared by management according to the accrual method of accounting, within reasonable limits of materiality and in accordance with accounting policies which may be summarized as follows.

Fixed assets

Fixed asset acquisitions are charged to operations.

Works of art

Acquisitions of works of art are charged to operations. The museum's permanenent collection is not shown in the balance sheet.

3. Expenditure

	Administration	Collections division	Communications division	Total
Professional, administrative and other services	$27 491	$4 398	$7 423	$39 312
Transportation and comunication services	1 785	211	333	2 329
Supplies	2 926	458	6 097	9 481
Material and equipment	12 512			12 512
Collection pieces		12 552		12 552
	$44 714	$17 619	$13 853	$76 186

MUSÉE DE LA CIVILISATION

R.S.Q., c. M-44

AUDITOR'S REPORT

I have examined the balance sheet of the Musée de la civilisation as at March 31, 1985 and the statement of revenue and expenditure and equity for the period from December 19, 1984 to March 31, 1985. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Musée de la civilisation as at March 31, 1985 and the results of its operations for the period from December 19, 1984 to March 31, 1985 in accordance with the accounting policies stated in Note 2.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 7, 1985

MUSÉE DU QUÉBEC

R.S.Q., c. M-44

BALANCE SHEET

as at March 31, 1985

ASSETS

CURRENT ASSETS	
Cash	$801 682
Accounts receivable	15 440
Term deposits	312 000
	$1 129 122

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	$636 810
EQUITY	492 312
	$1 129 122

On behalf of the Board of Directors,

André Kaltenback
Jacques Ouellet

MUSÉE DU QUÉBEC

REVENUE AND EXPENDITURE
for the period from May 16, 1984 to March 31, 1985

EXPENDITURE (Note 3)	
Administration	$560 180
Conservation division	745 820
Education and communications division	346 331
Security department	325 743
	1 978 074
REVENUE	
Federal grant for specific project	61 700
Interest and other	43 123
	104 823
SURPLUS OF EXPENDITURE OVER REVENUE BEFORE GOVERNMENT OF QUÉBEC GRANTS	1 873 251
Government of Québec grants	
Start-up	163 000
Operating	2 202 563
	2 365 563
SURPLUS OF REVENUE AND GRANTS OVER EXPENDITURE FOR THE PERIOD	$492 312

EQUITY
for the period from May 16, 1984 to May 31, 1985

SURPLUS OF REVENUE AND GRANTS OVER EXPENDITURE FOR THE PERIOD AND BALANCE AT MARCH 31, 1985	$492 312

MUSÉE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and purpose

The Musée du Québec is a corporation within the meaning of the Civil Code, and was incorporated May 16, 1984, under the National Museums Act. Its purpose is to contribute to Québec's cultural development, to make known, further and preserve Québec art from every period, from early art to contemporary art, and to ensure the presence of international art through acquisitions, exhibitions and other activities.

The provisions of its act of incorporation concerning its purpose and powers became effective November 9, 1984. During this transitional period, it received no operating grants; however, the Government covered all its expenditures.

2. Accounting policies

The financial statements of the Musée du Québec were prepared by management according to the accrual method of accounting, within reasonable limits of materiality and in accordance with accounting policies which can be summarized as follows:

Fixed assets

Fixed asset acquistions are charged to operations.

Works of art

Acquisitions of works of art are charged to operations. The museum's permanent collections are not shown in the balance sheet.

3. Expenditure

	Administration	Conservation division	Communications and education division	Security department	Total
Salaries and other remuneration	$180 433	$375 021	$148 811		$704 265
Professional, administrative and other services	30 842	80 548	86 613	$325 743	523 746
Transportation and communication services	22 555	52 809	105 239		180 603
Supplies	21 761	23 074	5 668		50 503
Material and equipment	17 062				17 062
Works of art		214 3[illegible]			214 368
Repairs and maintenance	287 527				287 527
	$560 180	$745 820	$346 331	$325 743	$1 978 074

MUSÉE DU QUÉBEC

R.S.Q., c. M-44

AUDITOR'S REPORT

I have examined the balance sheet of the Musée du Québec as at March 31, 1985 and the statement of revenue and expenditure and equity for the period from May 16, 1984 to March 31, 1985. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Musée du Québec as at March 31, 1985 and the results of its operations for the period from May 16, 1984 to March 31, 1985 in accordance with the accounting policies stated in Note 2.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 30, 1985

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20

GENERAL REVENUE FUND

BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
CURRENT ASSETS		
Investments and accrued interest (Note 3)	8 522	1 908
Grand receivable	1 519	2 216
Dues receivable from employers	1 167	1 016
Accounts receivable (Note 4)	873	1 155
Prepaid expenses	202	188
	12 283	6 483
FIXED ASSETS (Note 5)		
At cost	7 355	7 123
Accumulated depreciation	3 231	3 061
	4 124	4 062
	16 407	10 545
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Outstanding cheques less cash	141	
Bank borrowing (Note 6)	4 909	
Owed to trust funds	6 116	5 429
Accounts payable and accrued charges	1 322	1 716
Undistributed investment earnings	11	215
Deposits and overcontributions	268	74
	12 767	7 434
FUND BALANCE	3 640	3 111
	16 407	10 545

On behalf of the Office,

Alcide Fournier, Chairman
Hugues Ferron, Secretary

OFFICE DE LA CONSTRUCTION DU QUÉBEC

GENERAL REVENUE FUND

REVENUE, EXPENDITURE AND FUND BALANCE

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
REVENUE		
Employer and employee dues	13 517	12 175
Fines and penalties	1 293	991
Government of Québec grant (Note 7)	5 520	6 216
Investments earnings	417	128
Other	357	221
	21 104	19 731
EXPENDITURE		
Employee remuneration and personnel management	20 026	20 570
Administrative expenses	6 329	6 974
Professional development	98	75
Advertising and public relations	63	114
Premises	1 415	1 220
Depreciation of fixed assets	299	330
Bad claims	(8)	225
	28 222	29 508
SURPLUS EXPENDITURE OVER REVENUE BEFORE THE FOLLOWING:	7 118	9 777
Expenses charged to supplemental fringe benefit plans	5 084	5 020
Trust funds used for Office administration		
Transfer of interest — Holiday and Vacation Pay Fund	2 424	2 190
Transfer of unidentified compensation and claims payable, over three years old (Notes 8 and 9)	139	177
	7 647	7 387
SURPLUS EXPENDITURE OVER REVENUE	529	(2 390)
FUND BALANCE AT THE BEGINNING	3 111	5 501
FUND BALANCE AT YEAR-END	3 640	3 111

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

BALANCE SHEET
as at December 31, 1984
(in thousands of dollars)

	Holiday and Vacation Pay	Back Pay
ASSETS		
Investments and accrued interest (Note 3)	92 284	
Due from (owed to) General Revenue Fund	(237)	271
Accounts receivable	33	
	92 080	271
LIABILITIES AND NET EQUITY		
Outstanding cheques less cash	722	
Accounts payable	185	
Claims received payable to unidentified employees (Note 9)		69
Claims payable to employees		202
Compensation payable to unidentified employees or unclaimed (Note 8)	333	
Holiday and vacation pay and interest payable to employees	90 840	
Compensation payable to employees following employer insolvency		
Unidentified dues to refund		
Corvée-Habitation contributions to remit		
Dues to refund		
Net equity		
	92 080	271

On behalf of the Office,

Alcide Fournier, Chairman
Hugues Ferron, Secretary

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

BALANCE SHEET
as at December 31, 1984
(in thousands of dollars)

Employer Dues	Union Dues	Corvée-Habitation Contributions	Special Compensation	Total 1984	Total 1983
				92 284	81 369
906	704	3 926	1 103	6 673	6 171
				33	23
906	704	3 926	1 103	98 990	87 563
				722	68
	5			190	211
				69	38
				202	177
				333	331
				90 840	80 658
			116	116	65
					113
		3 926		3 926	3 560
906	699			1 605	1 392
			987	987	950
906	704	3 926	1 103	98 990	87 563

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

CHANGE IN ASSETS OR NET EQUITY

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	Holiday and Vacation Pay	Back Pay
SOURCE OF FUNDS		
Contributions and indemnities for holidays and vacations	124 045	
Claims collected		2 031
Dues collected		
Employer dues collected		
Employee dues collected		
Compensation recovered		
Investment earnings	9 692	
Increase (decrease) in accounts receivable and outstanding cheques less cash	628	
	134 365	2 031
APPLICATION OF FUNDS		
Payments to employees:		
Holiday and vacation pay	115 115	
Interest	5 882	
Compensation following insolvency		
Compensation for juror duty		
Claims		1 968
Refund of dues and contributions		
Transfer to the General Revenue Fund:		
Interest	2 424	
Compensation collected and payable to unidentified employees or unclaimed after more than three years (Note 8)	132	
Claims collected and payable to unidentified employees after more than three years (Note 9)		7
Decrease in unidentified dues		
	123 553	1 975
INCREASE (DECREASE)	10 812	56
FUND ASSETS AT THE BEGINNING OF THE YEAR	81 268	215
NET EQUITY AT THE BEGINNING		
FUND ASSETS AT YEAR-END	92 080	271
NET EQUITY AT YEAR-END		

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

CHANGE IN ASSETS OR NET EQUITY
for the fiscal year ended December 31, 1984
(in thousands of dollars)

Employer Dues	Union Dues	Corvée-Habitation Contributions	Special Compensation	Total 1984	Total 1983
				124 045	110 287
				2 031	1 334
5 193	16 245		1 477	22 915	20 148
		9 314		9 314	6 750
		9 055		9 055	8 158
			503	503	417
				9 692	8 759
	5			633	(607)
5 193	16 250	18 369	1 980	178 188	155 246
				115 115	106 561
				5 882	6 806
			1 914	1 914	2 271
			29	29	15
				1 968	1 390
5 271	16 065	18 003		39 339	32 658
				2 424	2 190
				132	220
				7	(43)
	2			2	21
5 271	16 067	18 003	1 943	166 812	152 089
(78)	183	366	37	11 376	3 157
984	521	3 560		86 548	82 867
			950	950	1 474
906	704	3 926		97 887	86 548
			987	987	950

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

BALANCE SHEET
as at December 31, 1984
(in thousands of dollars)

	PENSION PLAN		
	General account	Pensioners account	Supplemental account
ASSETS			
Cash	4		
Owed by the general account		15 421	
Investments and accrued interest (Note 3)	18 756	2 730	2 821
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 10)	987 024	389 379	34 415
	1 005 784	407 530	37 236
LIABILITIES AND NET EQUITY			
Owed to the pensioners account	15 421		
Owed the General Revenue Fund	557		
Outstanding cheques less cash			
Accounts payable	217		
Unused optional insurance premiums			
Actuarial reserve (Note 11)			
Net equity	989 589	407 530	37 236
	1 005 784	407 530	37 236

On behalf of the Office,

Alcide Fournier, Chairman
Hugues Ferron, Secretary

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

INSURANCE PLANS		Total	
Basic plan	Additional plan	1984	1983
		4	
		15 421	
28 706	1 186	54 199	50 476
		1 410 818	1 302 250
28 706	1 186	1 480 442	1 352 726
		15 421	
		557	742
			25
254		471	807
250		250	212
35 324	6	35 330	33 820
(7 122)	1 180	1 428 413	1 317 120
28 706	1 186	1 480 442	1 352 726

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

CHANGE IN NET EQUITY

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	PENSION PLAN		
	General account	Pensioners account	Supplemental account
SOURCE OF FUNDS			
Employer and employee contributions	47 959		7 966
Decrease in unused optional contributions			
Investment earnings	1 322	422	365
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec	93 508	36 717	3 023
Transfer of insurance company reserve and interest			
Initial transfer from general account (Note 12)		360 216	
Transfers from general account		62 582	
Interest on amounts owed by the general account		1 394	
	142 789	461 331	11 354
APPLICATION OF FUNDS			
Pension benefits		53 630	
Lump-sum payments and contribution refunds	9 971	171	195
Interest on contribution refunds	850		
Claims			
Handing of claims and premiums			
Transfer charges on insurance company reserves			
Increase in the actuarial reserve			
General Revenue Fund charges	4 919		165
Direct expenses			
Employee contributions to Corvée-Habitation	9 055		
Initial transfer to pensioners account (Note 12)	360 216		
Transfer to pensioners account	62 582		
Interest on amount owed the pensioners account	1 394		
	448 987	53 801	360
INCREASE (DECREASE) IN NET EQUITY	(306 198)	407 530	10 994
NET EQUITY AT THE BEGINNING	1 295 787		26 242
Funds entrusted to the Caisse de dépôt et placement du Québec — share of gains and losses on realization			
NET EQUITY AT YEAR-END	989 589	407 530	37 236

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

CHANGE IN NET EQUITY
for the fiscal year ended December 31, 1984
(in thousands of dollars)

INSURANCE PLANS		Total	
Basic plan	Additional plan	1984	1983
20 138	155	76 218	68 714
			18
2 679	131	4 919	4 627
		133 248	128 101
144		144	3 850
		360 216	
		62 582	
		1 394	
22 961	286	638 721	205 310
		53 630	54 559
		10 337	14 539
		850	1 324
21 779	7	21 786	20 513
984		984	1 511
			152
1 510		1 510	10 505
		5 084	5 020
			2
		9 055	8 158
		360 216	
		62 582	
		1 394	
24 273	7	527 428	116 283
(1 312)	279	111 293	89 027
(5 810)	901	1 317 120	1 208 348
			19 745
(7 122)	1 180	1 428 413	1 317 120

OFFICE DE LA CONSTRUCTION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Constitution and purpose

Created under the Act respecting labour relations in the construction industry, the Office de la construction du Québec is a corporation within the meaning of the Civil Code and is responsible for applying the collective agreement or Construction Decree, all fringe benefit plans, as well as other duties the Act prescribes.

2. Accounting policies

The financial statements of the Office were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

(a) Investments and accrued interest

Investments are recorded at cost, except for bonds which are amortized.

(b) Employer contributions receivable

Amounts withheld by employers during December for remittance in January are posted as accounts receivable at December 31.

(c) Fixed assets

Fixed assets are recorded at original cost and depreciated over their expected service life, using the straight line method at the following annual rates:

Buildings	2½ %
Office furniture and equipment	10 %
Data-processing equipment	33⅓ % or according for the term of the financing contract
Computer software	33⅓ %

(d) Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in individual funds of the Caisse are recorded at cost. The net revenue of the funds is paid quarterly by the Caisse through the issue of participation deposit units. Net revenue includes gains and losses on the sale of securities.

(e) Special Compensation Fund payments to employees

Compensation is entered in the books upon proof of employer insolvency.

(f) Wages, salaries and fringe benefits

Wages, salaries and fringe benefits are recorded on the accrual basis, except for vacation and severance pay, entered on a cash basis.

(g) Assessments, fines and penalties

Assessments, fines and penalties, as well as amounts recovered from employers by the Special Compensation Fund, are posted to the General Revenue Fund upon receipt.

(h) Employer and employees dues, holiday pay, claims against employers.

These are posted to the trust funds on a cash basis.

(i) Transfers and interfund charges

Administrative expenses of trust funds are paid out of the General Revenue Fund and attributed to the trust fund incurring them. For its own administration, the Office transfers interest from the Holiday and Vacation Pay Fund as well as holiday pay that, at January first, has gone unclaimed by employees for three years and funds held in trust to cover claims for employees who at December 31 remain unidentified after three years.

The cost of administering supplemental fringe benefit plans is assumed by the pension fund and the additional insurance plan, assigned according to Office activity sectors.

3. Investments and accrued interest

Investments and accrued interest detail as follows:

	(in thousands of dollars)	
	1984	1983
Cash	4 257	5 282
Term deposits	56 384	57 051
Bonds	91 427	68 722
Mortgage financing		4
Accrued interest	2 937	2 694
	155 005	133 753

The realization value of bonds at December 31, 1984 is $86 214 504 ($61 359 408 in 1983).

Investments and accrued interest are assigned to the funds as follows:

	(in thousands of dollars)	
	1984	1983
General Revenue Fund	8 522	1 908
Trust funds:		
holiday and vacation pay	92 284	81 369
supplemental fringe benefits	54 199	50 476
	155 005	133 753

4. Accounts receivable

	(in thousands of dollars)	
	1984	1983
Claims paid to employees and owed by employers	547	562
Claims paid to employees where employer responsibility remains undetermined	168	197
	715	759
Allowance for bad debts	669	700
Employees — balance receivable	46	59
	457	467
Allowance for bad debts	318	307
	139	160
Other	688	936
	873	1 155

OFFICE DE LA CONSTRUCTION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

5. Fixed assets

(in thousands of dollars)

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Land	238		238	238
Buildings	5 166	2 004	3 162	3 291
Furniture and equipment	1 499	1 124	375	392
Data-processing equipment	180	76	104	141
Computer software	272	27	245	
	7 355	3 231	4 124	4 062

	1984	1983
Acquisition of fixed assets during the fiscal year:		
Furniture and equipment	106	39
Computer equipment	12	212
Computer software	272	
	390	251
Proceeds of dispositions during the fiscal year		
Furniture and equipment	23	
Computer equipment	6	
	29	–

6. Bank loan

(in thousands of dollars)

	1984
Special revolving credit of $8 000 000 payable on demand at the prime rate, guaranteed until June 30, 1986, by the Government	4 900
Accrued interest	9
	4 909

7. Government grant

According to the Government's estimates for fiscal 1985-1986, the assistance it provides to the Office de la construction du Québec with respect to its investment activities will cease as of January 1, 1986.

8. Assessment related to unclaimed and unidentified holiday pay

The balance at December 31, 1984 of sums collected for holiday or vacation pay which either go unidentified or unclaimed, shown on the balance sheet as liabilities of the Holiday and Vacation Pay Fund in the amount of $333 515, includes annual vacation and statutory holiday pay for the years 1981 through 1984 that remains unidentified at December 31, 1984, along with cheques issued and outstanding for 60 days or more.

Vacation pay in the amount of $63 250 at December 31, 1984, earned during 1981 and collected on behalf of workers who remain unidentified on January 1, 1985 for three years, is transferred in the course of that month ($132 480 in 1984) to the General Revenue Fund.

9. Claims collected on behalf of unidentified employees

The Office for administrative purposes those sums held in trust and related to claims on behalf of employees who at December 31 have remained unidentified for three years. Amounts collected prior to December 31, 1981 on behalf of employees who remained unidentified at December 31, 1984, were transferred to the statement of revenue and expenditure of the General Revenue Fund during fiscal 1984 from the balance sheet of the Back Pay Fund.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

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10. Funds entrusted to the Caisse de dépôt et placement du Québec:
(in thousands of dollars)

Pension plan funds entrusted to the Caisse detail as follows::

	1984		1983	
	Book Value	Realization Value	Book Value	Realization Value
General accounts				
Demand deposits*	2 522	2 522	5 177	5 177
Participation deposits**	984 502	1 004 584	1 264 355	1 347 990
Portfolio under separate management			9 810	8 621
	987 024	1 007 106	1 279 342	1 361 788
Pensioners account				
Demand deposits*	995	995		
Participation deposits**	388 384	396 418		
	389 379	397 413		
Supplemental account				
Demand deposits*	1	1		
Participation deposits**	34 414	34 395	22 908	22 918
	34 415	34 396	22 908	22 918
Total	1 410 818	1 438 915	1 302 250	1 384 706

* in the General Fund of the Caisse de dépôt et placement du Québec

** in individual funds of the Caisse.

Until November 30, 1984, the equity of the supplemental pension plan for construction industry employees entrusted to the Caisse de dépôt was held in two individual funds for the general account for the benefit of contributors and pensioners, and an individual fund for the supplemental account for the benefit of electricians and painters. In addition, the general account and the supplemental account held sight deposits in the general fund of the Caisse. On December 1, 1984, following a request from the Office, the Caisse de dépôt transferred the portion of pensioner participation deposits to a new individual fund created for this purpose. In addition, the pensioner share of sight deposits held by the general account at November 30, 1984, was allocated to the pensioners account at December 1, 1984.

11. Actuarial reserves

Under the method of self-management of employees' insurance plans, the Office assumes a limited share of the risks, retains certain guarantees and delegates the task of setting claims.

At December 31, 1984, the Office reserved the necessary amounts from the accumulated funds as follows:

	Group Insurance Fund			
	1984 (in thousands of dollars)		1983 (in thousands of dollars)	
	Basic Benefit Plan	Supplemental Plan	Basic Benefit Plan	Supplemental Plan
Reserves[1]	24 064		23 299	
Insurance liabilities[2]	11 260	6	10 515	6
Actuarial reserves	35 324	6	33 814	6

1 These are the reserves held for self-management purposes to cover the following items: benefit payments incurred but not reported, survivors' pensions, monthly disability pensions and premium exemptions.

2 These represent the minimum reserves required as calculated at December 31, 1984.

Maximum reserves amount to $44 723 000 and $13 000 for the basic plan and the supplemental plan, respectively.

12. Initial transfer from the general account to the pensioners account

As of January 1, 1984, the pensioners account of the pension plan is shown separately in the financial statements. The initial transfer from the general account to the pensioners account represents the share of total equity in the plan at such date held by retirees.

13. Long-term leases

The Office is commited to leases coming to term at various dates up to January 31, 1990 for its premises. Some of these leases have provision for renewal after five years.

Rent for office space over the fiscal year ended December 31, 1984 amounts to $377 277. Minimum annual rent for the next five fiscal years details as follows:

1985	$402 189
1986	335 894
1987	261 885
1988	176 070
1989	129 385

14. Pension fund for construction employees

Owing to a retroactive adjustment in retirement benefit rates for the 1984, the Office will have to pay, during 1985, roughly $6.5 million on behalf of the retirement fund.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20

ACTUARIAL OPINION

concerning the supplemental pension plan for employees of the construction industry in Québec, as part of an actuarial report dated at April 30, 1985

The plan was valuated at January 1, 1984 on the basis of data we consider sufficient and reliable for valuation purposes.

1. In our opinion, the plan was fully funded at January 1, 1984 according to the basic pension scales and the supplementary percentage set by Resolution 0-842931 of the Office, dated June 20, 1984, and

a) The general account showed a surplus of the adjusted value of assets over the value of the plan's commitments, amounting to $40 549 000.

b) The pensioners account showed a surplus of the adjusted value of assets over the plan's commitments amounting to $40 549 000.

2. In view of the above-mentioned Resolution

a) the amount transferrable from the general account to the pensioners account for pensions which began to be paid in 1983 to pensioners or to survivors of contributors who had not retired was determined to be $104 585 000, including accumulated interest at January 1, 1984;

b) the amount to transfer from the general account to the pensioners account as a deposit on the amount transferrable was projected at $66 874 700 for 1984, including accumulated interest at January 1, 1985, estimated at $4 292 700.

3. Based on the pension scales set by the said Resolution, we are of the opinion:

a) that the amount of contributions provided for in the regulation is sufficient to fund the plan's commitments during 1984;

b) that the adjusted value of the assets of the general account, after deducting the amounts to transfer to the pensioners account, remains in excess of the value of the plan's commitments at December 31, 1984.

We believe this actuarial opinion to be based on a valuation founded on assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Yves Guérard, F.S.A, F.C.I.A., F.C.A.
Dolorès Page, F.S.A., F.C.I.A.

Montréal, April 30, 1985

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20

ACTUARIAL OPINION

concerning basic insurance plans for employees of the construction industry in Québec, as part of an actuarial report dated April 2, 1985

Commitments at December 31, 1984 of the basic plans were valuated according to data provided by the Office and assuming net assets of $28 202 000 on that date.

In our opinion,

(a) total commitments at December 31, 1984 of the basic insurance plans, including a provision for projected guarantees over the next six months covering hours worked prior to December 31, 1984 in accordance with section 127 (a), are $7 122 000 higher than net plan assets;

b) this deficit will be cleared and the solvency of the plans restored over the next three years, subject to ratification by publication in the Gazette Officielle of the increase in the contribution to $0.33/hour as of July 1, 1985, as adopted by the Office on March 26, 1985.

The actuarial opinion is, in our view, based on a valuation founded on adequate assumptions that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Jean-Guy Côté, A.S.A.
Yves Guérard, F.S.A., F.I.C.A., F.C.A

Montréal, April 30, 1985

OFFICE DE LA CONSTRUCTION DU QUÉBEC

THE FUNDS

General Revenue Fund

Fund accounts serve to apply the collective agreement or any Order-in-Council adopted under the Act respecting labour relations in the construction industry, including any supplemental fringe benefit plan or other measure assigned by the Act.

The Fund also serves to handle construction industry employees' accounts receivable and payable by employers under regulations. The Fund does not make provision for covering employee claims against employers where liability has not been determined and legal procedures have been instituted.

Trust funds

Holiday and Vacation Pay Fund

This fund keeps account of paid holidays and annual vacation pay as well as interest earned on behalf on employees of the construction industry, under sections 20.06 and 20.07 of the construction industry Decree.

Back Pay Fund

This fund keeps account of claims made by the Office on behalf of construction industry employees under section 81 of the Act.

Employer Dues Fund

This fund keeps account of employer contributions on behalf of the Association des entrepreneurs en construction du Québec under section 40 of the Act.

Union dues Fund

This fund keeps account of union contributions on behalf of construction industry employees under section 38 of the Act.

Contribution to Corvée-Habitation

This funds keeps accounts of construction industry employer and employee contributions to the Corvée-Habitation program under sections 2 and 6 of the Act to promote housing construction.

Special Compensation Fund

This fund keeps account of employer dues to compensate employees for loss of wages and fringe benefits as a result of employer insolvency or when called upon for juror duty, in accordance with section 31.01 of the construction industry Decree.

Supplemental fringe benefit plan funds

These funds were created under the regulation concerning supplemental fringe benefits in the construction industry so as to provide funding for pension and insurance commitments of the plans.

Pension plan

A pension fund was established to keep account of employer and employee contributions and fund benefits payable under the pension plan.

Assets and commitments of the pension plan to contributors are broken down according to a general and supplemental account.

The pension contributions of employers and employees go to the general account, while the additional contributions of electricians and painters and their employers are held by the supplemental account.

These accounts provide funding for lump-sum retirement benefits and pay death or severance benefits as well as the amount that may be transferred to pensioners' accounts for payment of annuities.

The assets and commitments of the pension plan with respect to current pension benefits payable from the general and supplemental account must be grouped into a separate pensioners' account according to the aforementioned regulation. When commitments are transferred to the pensioners' account from another, assets are also transferred to provide for the payment of benefits. Revenue on its assets is paid into the account as well.

Group insurance plans

A group insurance fund was established to handle premiums and fund the payment of benefits and compensation under the insurance plans as well as premiums required to keep in force any insurance contract subscribed by the Office for supplemental fringe benefits plans.

A supplemental insurance fund was established to handle electricians' supplemental premiums and to fund the payment of supplemental insurance plan premiums and expenses.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20

AUDITOR'S REPORT

I have examined the balance sheet of the General Revenue Fund and the trust funds of the Office de la construction du Québec as at December 31, 1984 and the following statements for the year then ended:

General Revenue Fund
  Revenue and expenditure and balance of the Fund

Trust funds
  Changes in assets of the Holiday and Vacation Pay Fund
  Changes in Back Pay Fund
  Changes in Employer Dues Fund
  Changes in Union Dues Fund
  Changes in Contribution to Corvée-Habitation
  Changes in net equity of Special Compensation Fund
  Changes in net equity of Fringe Benefits Plans Fund

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the funds of the Office de la construction du Québec as at December 31, 1984, the results of operations of the General Revenue Fund and the changes in assets or net equity of the trust funds for the year then ended in accordance with the accounting policies stated in Note 2 applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, April 30, 1985

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

R.S.Q., c. S-3.2 and amendments

BALANCE SHEET
as at June 30, 1985

	1985	1984
ASSETS		
Cash (Note 3)	$69 507	$63 046
Term deposits		100 000
Benefits overpaid	86 671	80 289
Accounts receivable	1 060	8 118
	$157 238	$251 453
LIABILITIES		
Accounts payable	$16 106	$19 448
Owed the Government	86 671	80 289
	102 777	99 737
SURPLUS	54 461	151 716
	$157 238	$251 453

On behalf of the Office,

Roger Grenier
Johnny Jolly

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

OPERATIONS
for the fiscal year ended June 30, 1985

	1985	1984
EXPENDITURES		
Income security payments	$11 333 635	$10 907 175
Administrative expenses		
Wages, salaries and fringe benefits	453 899	411 883
Travel	37 867	34 163
Rent	44 315	29 281
Professional fees	7 002	3 529
Supplies and equipment	23 717	18 281
Telephone service and communications	1 529	911
Miscellaneous	720	1 974
	569 049	500 022
Less:		
Interest on bank deposits	6 418	5 006
	562 631	495 016
	11 896 266	11 402 191
CONTRIBUTION FROM THE GOVERNMENT	11 799 011	11 517 918
SURPLUS OF EXPENDITURE OVER THE CONTRIBUTION FROM THE GOVERNMENT	97 255	(115 727)
SURPLUS AT THE BEGINNING	151 716	35 989
SURPLUS AT YEAR-END	$54 461	$151 716

NOTES TO FINANCIAL STATEMENTS
at June 30, 1985

1. Constitution, activity and funding

The Office de la sécurité du revenu des chasseurs et piégeurs cris, founded under the Act respecting income security for Cree hunters and trappers who are beneficiaries under the Agreement concerning James Bay and Northern Québec, has been given responsibility for administering the program established by the Act to provide Cree hunters and trappers with guaranteed income; the program also provides incentives for the pursuit of traditional harvesting activities.

Benefits are paid to groups of beneficiaries who are considered eligible because of the time spent in fishing, hunting, trapping and ancillary activities, among other conditions.

Funding for implementing the Act comes from appropriations voted annually by the Legislature for that purpose.

2. Accounting policies

Benefits and administrative expenses

Benefits paid are recorded on the cash basis while administrative expenses are posted according to the accrual method.

The acquisition of capital assets is charged to administrative expenses.

Administrative expenses are assumed by the Government

The cost of support services such as data processing and telephone services is assumed by the various departments and not shown on the statement of revenue and expenditure.

3. Assets as debt security

The amount of $4 154 in cash assets is held by a trust account as security for a debt toward the Government of Canada.

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

R.S.Q., c. S-3.2 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Office de la sécurité du revenu des chasseurs et piégeurs cris as at June 30, 1985 and the statement of operations for the year then ended. My examination was made in accordance with the generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial situation of the Office as at June 30, 1985 as well as its operating results for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, September 13, 1985

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

ASSETS AND LIABILITIES

as at March 31, 1985

	1985	1984
ASSETS		
Note — from the Government (Note 3)	$14 338 334	$19 477 176
LIABILITIES		
Accrued interest	$369 221	$702 396
Bonded debt (Note 4)		
Series "H" bonds, 5³/₄ %, maturing July 15, 1989	31 250 000	32 500 000
Series "G" bonds, 5¹/₂ %, maturing December 1, 1984		16 833 068
	31 250 000	49 333 068
Less: Sinking fund (Note 5)	17 280 887	30 558 288
	13 969 113	18 774 780
	$14 338 334	$19 477 176

On behalf of the Office,

Gilles Sanche
J. Hébert, Engineer

OFFICE DES AUTOROUTES DU QUÉBEC

COST OF DEBT SERVICE AND FINANCING
for the fiscal year ended March 31, 1985

	1985	1984
COST OF SERVICING DEBT		
Interest on bonds	$2 486 578	$2 810 910
Decrease in Government note equivalent to net sinking fund revenue	4 805 667	4 208 759
Exchange loss on repayment of series "G" bonds	1 305 110	
Management fees	15 511	2 753
Bonded debt repayments	18 083 068	
	$26 695 934	$7 022 422
FINANCING OF DEBT SERVICE		
Assumed by the Government of Québec		
Interest on note	$2 486 578	$2 810 910
Management fees	15 511	2 753
Exchange loss	1 305 110	
Net sinking fund revenue (Note 5)	4 805 667	4 208 759
Bonded debt repayments from sinking fund (Note 5)	18 083 068	
	$26 695 934	$7 022 422

OFFICE DES AUTOROUTES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

at March 31, 1985

1. Constitution and purpose

Founded under the Autoroutes Act (R.S.Q., c. A-34), the Office des autoroutes du Québec has as its main purpose the repayment of its bonded debt.

2. Accounting policies

Office financial statements were prepared by management according to the accrual method, within the framework of accoounting practice summarized as follows:

Bonded debt

Bonded debt is recorded at par value.

Sinking fund bonds

Sinking fund bonds are shown at par value.

3. Government note

The Minister of Finance issued a Government note to the Office in the amount of its bonded debt and interest accrued to April 1, 1982 less its accumulated sinking fund on that date.

The interest rate and terms of the note should allow the Office to fully discharge its bonded debt.

	1985	1984
Change in the note account during the fiscal year:		
Balance at the beginning	$19 477 176	$23 675 309
Less:		
Transactions during the fiscal year compatible with the repayment of the Office's bonded debt		
Net revenue of the sinking fund (Note 5)	4 805 667	4 208 759
Decrease (Increase) in accrued interest on bonds	333 175	(10 626)
	5 138 842	4 198 133
Balance at year-end	$14 338 334	$19 477 176

4. Bonded debt

Payment of capital and interest is guaranteed by the Government.

The schedule of payments on series "H" bonds is as follows:

1985-1986	$1 250 000
1986-1987	1 250 000
1987-1988	1 250 000
1988-1989	1 250 000
1989-1990	26 250 000
	$31 250 000

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

5. Sinking fund

The Minister of Finance is responsible for managing the sinking fund for bonded debt.

	1985	1984
Sinking fund change during the fiscal year		
Fund balance at the beginning	$30 558 288	$26 349 529
Plus:		
Net revenue for the year:		
Interest on cash flow and bonds	2 732 549	2 690 782
Government contribution	1 250 000	618 850
Discount on purchase and of bonds	823 118	899 127
	4 805 667	4 208 759
Less:		
Repayments on bonds		
Series "G"	16 833 068	
Series "H"	1 250 000	
	18 083 068	
Balance at year-end	$17 280 887	$30 558 288
Sinking fund assets		
Cash	$50 639	$430 434
Accrued interest	325 248	793 854
Bonds	16 905 000	29 334 000
	$17 280 887	$30 558 288

At March 31, 1985, bonds included the following:

	1985		1984	
	Par value	Approximate market value	Par value	Approximate market value
Bonds:				
Government of Québec	$8 509 000	$6 960 000	$19 830 000	$18 152 000
Guaranteed by the Government				
Hydro-Québec	1 176 000	1 300 000	1 357 000	1 398 000
Office des autoroutes du Québec	7 220 000	5 841 000	8 147 000	6 111 000
	$16 905 000	$14 101 000	$29 334 000	$25 661 000

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Office des autoroutes du Québec as at March 31, 1985 and that of the cost of debt service and financing for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial situation of the Office as at March 31, 1985 and the cost and financing of its operations for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 17, 1985

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

R.S.Q., c. C-75

ASSETS AND LIABILITIES

as at March 31, 1985

	1985	1984 (Note 10)
ASSETS		
Cash	$2 750 908	$4 049 853
Accounts receivable	750 406	810 442
Owed by the Fonds d'assurance-prêts agricoles et forestiers	657 510	215 493
Interest, accrued and due	3 337 920	4 031 029
Loans (Note 3)	148 610 374	158 882 111
Assets acquired following default on loans (Note 4)	8 326 165	8 224 259
	$164 433 283	$176 213 187
LIABILITIES		
Bank indebtedness	$268 647	$185 853
Accounts payable	31 775	37 304
Borrower deposits	738 532	559 922
Revenue in advance	70 735	85 827
Owed lending institutions	6 440 824	6 307 922
Bonds (Note 5)	3 850 000	3 850 000
Owed the Government (Note 6)	151 400 317	161 553 906
	162 800 830	172 580 734
SURPLUS	1 632 453	3 632 453
	$164 433 283	$176 213 187

CONTINGENT LIABILITIES (Note 9)

On behalf of the Office,

Camille G. Moreau
J. Claude Simoneau

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

REVENUE AND EXPENDITURE

for the fiscal year ended March 31, 1985

	1985	1984 (Note 10)
REVENUE		
Interest on loans	$8 813 283	$9 254 331
Interest on bank deposits and other revenue	340 888	324 080
Recovery of expenditure		
Sales and lease of fixed assets — land redevelopment program	355 436	276 191
Other	74 227	290 772
	9 583 834	10 145 374
EXPENDITURES		
Subsidies (Note 7)	64 036 525	69 710 836
Loss on guarantees for loans from financial institutions	126 913	242 572
Loss on assets acquired following loan defaults	1 744 400	593 435
Interest on borrowings:		
Government of Québec	15 262 268	16 331 647
Financial institutions	24 713	3 861
Bonds	472 489	410 620
Interest on borrower deposits	21 097	14 728
Administrative expenses (Note 8)	10 468 089	9 774 231
	92 156 494	97 081 930
Less: Loss on sale of property assumed by the Fonds d'assurance-prêts agricoles et forestiers	1 461 873	485 498
Expenses assumed by the Government of Québec	81 110 787	86 944 650
	82 572 660	87 430 148
	9 583 834	9 651 782
SURPLUS REVENUE OVER EXPENDITURE	$—	$493 592

SURPLUS

for the fiscal year ended March 31, 1985

	1985	1984
SURPLUS AT THE BEGINNING	$3 632 453	$3 138 861
Surplus revenue over expenditure		493 592
	3 632 453	3 632 453
Payment to the Government of Québec	2 000 000	
SURPLUS AT YEAR-END	$1 632 453	$3 632 453

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Office du crédit agricole du Québec, founded under the Farm Credit Act, is responsible for administering various acts concerning farm and forestry financing programs.

The farm financing program aims to promote the profitability of agricultural operations by making available adequate financing.

The financial statements of the Office presented here relate exclusively to transactions involving farm financing within the framework of administering the Farm Credit Act, the Act to promote long-term farm credit by private institutions, the Act to promote farm improvement, the Act to promote credit to farm producers, the Act to promote special credit to agricultural producers during critical periods, the Farm Loans Act, the Act to promote the development of farming operations, the Agricultural Credit Act as well as the agricultural land redevelopment program and the arable land bank program.

2. Accounting policies

The financial statements were prepared by management within reasonable limits of materiality and reflect accounting policies which can be summarized as follows:

Assets acquired following loan defaults

Property acquired as a result of laon defaults in regard to loans granted prior to August 1, 1978, are recorded at the principal balance and incidental expenses incurred by lenders. Gain or loss on the sale of these assets is entered at the time of their disposal.

Assets acquired following default on loans after August 1, 1978 are recorded in the amount of the outstanding capital balance plus interest and ancillary charges incurred by lenders. Losses resulting from the disposal of these assets are assumed by the Fonds d'assurance-prêts agricoles et forestiers; any gain is also turned over to the Fonds.

Subsidies

Subsidies are posted to expenditure at the time of outlay.

Loss on guarantees for loans granted by financial institutions

Losses on guarantees for loans granted prior to August 1, 1978 by financial institutions are recorded under expenditure upon payment in settlement of the guarantees.

Acquisitions of fixed assets

The acquisition of fixed assets under the land redevelopment program is posted to expenditure, as is equipment in accordance with Government accounting practice.

Other transactions

Other transactions related to farm financing are recorded on the accrual basis.

Administrative expenses

The cost of fringe benefits to Office employees and support services such as telephone, office space, data processing, etc., are paid out of the spending estimates of the various departments involved and are not shown on the statement of revenue and expenditure.

3. Loans

The amount of loans includes capital payments due of $996 259 at March 31, 1985 ($1 069 773 at March 31, 1983).

4. Assets acquired following loan defaults

The cost of assets acquired as a result of borrower defaults on loans granted before August 1, 1978 amounts to $598 391 ($800 350 at March 31, 1984).

5. Bonds

Series "A" bonds with a par value of $3 850 000 maturing March 15, 1988 are redeemable wholly or in part for their face value as of March 15, 1984 and are guaranteed by the Government. They bear interest, payable quarterly, at $^{3}/_{8}$ %, below prime

6. Owed the Gouvernment

	1985	1984
Loans		
Balance at the beginning of year	$156 300 000	$166 700 000
Repaid	10 000 000	10 400 000
Balance at year-end	146 300 000	156 300 000
Interest on borrowings	4 294 905	4 481 623
Interest on bank deposits and other revenue	340 888	
Recovery on expenditure — subsidies	199 554	236 082
Land redevelopment program	6 450	36 201
Net loss on sales of assets acquired as a result of loan defaults	(220 383)	
	(21 097)	
Interest-free advance of working capital	500 000	500 000
	$151 400 317	$161 553 906

Loans bear interest a rates varying from 9.8 % to 10.6 %.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Subsidies

Expenditure on subsidies details as follows:

	1985	1984
Act to promote long-term farm credit by private institutions (R.S.Q., chapter C-75.1)	$48 120 966	$54 127 677
Act to promote the establishment of young farmers (R.S.Q., chapter E-12.1)	2 392 078	639 029
Act to promote farm improvement (R.S.Q., chapter A-18)	4 055 261	3 972 732
Act to promote special credit to agricultural producers during critical periods (R.S.Q., chapter C-79)	200 402	130 632
Farm Loans Act (R.S.Q., chapter P-20)	3 372 316	3 556 474
Act to promote the development of farming operations (R.S.Q., chapter M-36)	5 466 581	6 606 666
Agricultural land redevelopment program (Decrees 3813-76 and 3814-76)	428 921	677 626
	$64 036 525	$69 710 836

8. Administrative expenses

Administrative expenses detail as follows:

	1985	1984
Wages, salaries, allowances and other remuneration	$9 615 278	$9 041 868
Transportation and communications	454 570	444 212
Professional, administrative and other services	37 402	31 320
Upkeep and repairs	21 331	24 053
Rent	59 668	54 939
Supplies	174 321	121 625
Equipment	77 496	22 553
Other	28 023	33 661
	$10 468 089	$9 774 231

9. Contingent liabilities

The Office has been summoned as defendant in legal proceedings totalling $3 087 800. The Office is contesting these proceedings and it is impossible, at this time, to predict the outcome. Accordingly, no allowance has been recorded in the financial statements.

10. Comparative figures

Certain figures for 1984 have been reclassified to conform to the presentation adopted in 1985.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING
R.S.Q., c. C-75

AUDITOR'S REPORT

I have examined the balance sheet of the Office du crédit agricole du Québec — farm financing, as at March 31, 1985 and the statements of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Office du crédit agricole du Québec — farm financing, as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 10, 1985

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING
R.S.Q., c. C-78

ASSETS AND LIABILITIES
as at March 31, 1985

	1985	1984
ASSETS		
Cash	$344 310	$395 596
Accounts receivable	33 743	11 247
Owed by the Fonds d'assurance-prêts agricoles et forestiers	35 776	
Interest, accrued and due	555 799	440 683
Loans (Note 3)	28 821 957	28 739 560
Assets acquired following loan defaults	248 529	282 179
	$30 040 114	$29 869 265
LIABILITIES		
Borrower deposits	$3 753	$9 295
Revenue collected in advance		11 151
Bank loan and accrued interest	5 297 103	3 106 410
Bonds and accrued interest (Note 5)	10 203 358	10 201 198
Owed the Government (Note 6)	14 535 900	16 541 211
	$30 040 114	$29 869 265

On behalf of the Office,

Camille G. Moreau
J. Claude Simoneau

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Interest on loans	$1 661 976	$1 473 152
Interest on bank deposits and other revenue	69 293	71 251
Recovery of expenditure	950	5 911
	1 732 219	1 550 314
EXPENDITURE		
Subsidies (Note 7)	625 885	657 031
Loss on sale of assets acquired as a result of loan default	47 867	
Interest on borrowings:		
Government of Québec	1 644 257	1 842 534
Financial institutions	563 759	142 573
Bonds	1 194 456	1 082 544
Interest on borrower deposits	329	585
Administrative expenses (Note 8)	1 051 032	972 367
	5 127 585	4 697 634
Less: Loss on sale of assets assumed by the Fonds d'assurance-prêts agricoles et forestiers	47 867	
Expenditure assumed by the Government (Note 9)	3 416 463	3 217 986
	3 464 330	3 217 986
	1 663 255	1 479 648
SURPLUS REVENUE OVER EXPENDITURE TO BE PAID THE CONSOLIDATED REVENUE FUND (Note 6)	$68 964	$70 666

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

NOTES TO FINANCIAL STATEMENTS

at March 31, 1985

1. Constitution and purpose

The Office du crédit agricole du Québec, created under the Farm Credit Act, is responsible for administering various acts related to farm and forestry financing programs.

The forestry financing program aims at making credit available to promote the development and consolidation of private forest areas.

The financial statements of the Office presented here are solely concerned with operations related to administering the Forestry Credit Act and the Act to promote forest credit by private institutions.

2. Accounting policies

The financial statements were prepared by management within reasonable limits of materiality and in accordance with accounting policies which can be summarized as follows:

Assets acquired following loan defaults

Assets acquired following default on loans prior to August 1, 1978 are recorded in the amount of the outstanding capital balance plus ancillary charges incurred by lenders. Gain or loss on the sale of these assets is entered at the time of their disposal.

Assets acquired following default on loans after August 1, 1978 are recorded in the amount of the outstanding capital balance plus interest and ancillary charges incurred by lenders. Losses resulting from the disposal of these assets are assumed by the Fonds d'assurance-prêts agricoles et forestiers; any gain is also turned over to the Fonds.

Subsidies

Subsidies are posted to expenditure when paid.

Acquisition of equipment

Acquisitions of material and equipment are charged to expenditure in accordance with the accounting policies of the Government of Québec.

Other transactions

Other forestry financing transactions are posted on the accrual basis.

Administrative expenses

The cost of fringe benefits to Office employees and that of support services such as telephone, office space, data processing, etc. is paid out of the spending estimates of the different departments and not shown on the statement of revenue and expenditure.

3. Loans

This item includes capital payments due at March 31, 1985 in the amount of $256 815 ($99 200 at March 31, 1984).

4. Assets acquired as a result of loan defaults

Assets acquired as a result of loan defaults relate to loans granted since August 1, 1978.

5. Bonds and accrued interest

Series "B" bonds with a par value of $10 150 000 and maturing March 15, 1988, are redeemable wholly or in part for their face value as of March 15, 1984 and are guaranteed by the Government. They bear interest, payable quarterly, at $^{3}/_{8}$ % below prime.

6. Owed the Government

	1985	1984
Borrowings		
Balance at the beginning	$15 550 000	$17 300 000
Repaid	1 900 000	1 750 000
Balance at year-end	13 650 000	15 550 000
Interest on borrowings	766 936	870 545
Interest-free advance of working capital	50 000	50 000
Surplus revenue over expenditure for the year	68 964	70 666
	$14 535 900	$16 541 211

Borrowings bear interest at rates between 9.8 % and 13.4 %.

Moreover, under the terms of the Forestry Credit Act, surplus revenue over expenditure must be remitted to the Consolidated Revenue Fund within 90 days following the close of the Office fiscal year.

7. Subsidies

This item represents repayment of interest at five percent on sums due from borrowers to lending institutions up to the maximums provided for in the regulations.

8. Administrative expenses

Administrative expenditure details as follows:

	1985	1984
Wages, salaries, allowances and other remuneration	$913 405	$862 591
Transportation and communications	71 586	49 431
Administrative, professional and other services	3 027	4 562
Upkeep and repairs	4 400	4 411
Rent	9 273	8 509
Supplies	33 520	24 461
Equipment	11 265	13 092
Other	4 556	5 310
	$1 051 032	$972 367

9. Expenditure assumed by the Government

Expenditure assumed by the Government details as follows:

	1985	1984
Subsidies	$625 885	$657 031
Interest on borrowings less interest earned on loans	1 740 496	1 594 499
Administration	1 051 032	972 367
	3 417 413	3 223 897
Less: Recovery on Expenditure	950	5 911
	$3 416 463	$3 217 986

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING
R.S.Q., c. C-78

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Office du crédit agricole du Québec — forestry financing, as at March 31, 1985 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the assets and liabilities of the Office du crédit agricole du Québec — forestry financing, as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 5, 1985

RADIO-QUÉBEC

R.S.Q., c. S-11.1

BALANCE SHEET

as at August 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Accounts receivable	$264 379	$420 128
Shows produced and under production	7 900 232	8 786 579
Broadcast and distribution rights on audiovisual material and coproductions	5 056 434	4 902 782
Technical and production supplies	631 583	623 833
Prepaid expenses	313 688	182 375
Payments on mortgage loan and balance on selling price within a year	131 807	118 397
	14 298 123	15 034 094
SELLING PRICE BALANCE	86 290	97 310
MORTGAGE LOAN (Note 3)	3 439 486	3 558 166
FIXED ASSETS (Note 4)	18 997 538	16 456 122
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 5)	4 701 081	4 913 819
	27 224 395	25 025 417
	$41 522 518	$40 059 511
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$99 886	$445 664
Indebtedness toward financial institutions	3 550 600	1 230 496
Accounts payable and accrued charges	3 229 998	3 572 836
Broadcast and distribution rights and coproductions	1 936 252	1 698 271
Deferred revenue — Government subsidy (Note 6)	13 266 166	12 731 926
Payments on long-term debt due within a year	538 006	455 815
Deferred revenue	21 123	18 325
	22 642 031	20 153 333
LONG-TERM DEBT		
Bonds (Note 7)	4 200 000	4 450 000
Commitments under capital lease contracts (Note 5)	5 739 272	5 321 224
	9 939 272	9 771 224
DEFERRED REVENUE (Note 8)	403 419	424 542
RADIO-QUÉBEC		
Balance at the beginning	9 710 412	7 038 837
Surplus expenditure over subsidy and revenue for the fiscal year	1 172 616	(2 671 575)
Balance at year-end	8 537 796	9 710 412
	$41 522 518	$40 059 511

On behalf of the Board of Directors,

Lyse Goyette
Jacques Girard

RADIO-QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended August 31, 1984

	1984	1983
EXPENDITURE		
Cost of shows broadcast		
Shows produced and broadcast (Note 9)	$31 437 005	$24 899 645
Acquisitions and coproductions	4 941 616	4 674 928
Distribution cost		
Broadcasting and network	9 050 935	8 330 314
Programming	3 458 965	3 655 264
Cost of shows broadcast and distribution	48 888 521	41 560 151
Administrative expenses	7 909 573	7 092 013
Financial charges (Note 10)	2 322 484	2 497 345
Total expenditure (Note 11)	59 120 578	51 149 509
REVENUE (Note 12)	2 428 562	1 708 367
SURPLUS EXPENDITURE OVER REVENUE	56 692 016	49 441 142
SUBSIDY FROM THE GOVERNMENT (Note 6)	55 519 400	52 112 717
SURPLUS EXPENDITURE OVER SUBSIDY AND REVENUE FOR THE FISCAL YEAR	$1 172 616	$(2 671 575)

RADIO-QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended August 31, 1984

	1984	1983
SOURCE OF FUNDS		
Subsidy from the Government	$55 519 400	$52 112 717
Commitments under capital lease contracts	721 146	1 785 343
Decrease in mortgage loan and selling price balance	129 700	184 149
Deferred revenue		442 867
	56 370 246	54 525 076
APPLICATION OF FUNDS		
Surplus expenditure over revenue for the fiscal year	56 692 016	49 441 142
Items not affecting working capital		
Depreciation on fixed assets	1 806 631	1 657 355
Deferred income	(21 123)	(18 325)
Funds used for operations	54 906 508	47 802 112
Acquisition of fixed assets	3 707 009	2 459 043
Acquisition of assets under capital lease contracts	428 300	689 290
Decrease in long-term debt	553 098	445 870
Mortgage loan		3 731 295
	59 594 915	55 127 610
DECREASE IN WORKING CAPITAL DURING THE YEAR	3 224 669	602 534
WORKING CAPITAL DEFICIT AT THE BEGINNING	5 119 239	4 516 705
WORKING CAPITAL DEFICIT AT YEAR-END	$8 343 908	$5 119 239

RADIO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at August 31, 1984

1. Constitution and purpose

Radio-Québec, or the Société de radio-télévision du Québec, founded under a special Act, is charged with establishing and operating an educational radio and television broadcasting service within Québec as well as producing audio-visual and broadcast materiel.

2. Accounting policies

Radio-Québec financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Production and technical supplies

Inventories of technical and production supplies are recorded at the lower of their cost price or net realization value. Their cost price is averaged, except for that used in visual design, whose cost is determined according to the FIFO method.

Shows produced and under production

Shows already produced and under production are entered at cost, which includes supplies and services used directly in addition to a share of labour costs and general expenses. The show's total cost is charged to operations when broadcast or declared unusable.

Broadcast and distribution rights for audiovisual material and participation in coproductions

Broadcast and distribution rights for audiovisual material are generally acquired for five years; they are capitalized then charged to operations when used according to the following basis, except where otherwise stipulated by contract: 70 % for the first presentation;
30 % for the second.

Rights on firms deemed unusable are written off the books when such a decision is made.

Radio-Québec's investment in coproductions and their attendant rights are fully capitalized, then charged to operations at first showing.

Fixed assets

Fixed assets are recorded at cost and depreciated according to the straight-line method based on their estimated useful life as follows:

Rolling stock	5 years
Technical equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Leasehold improvements	Length of lease, maximum 5 years
Antenna network	20 years

The antenna network includes buildings, materials, engineering services, infrastructure, direct labour as well as attendant general and interim financing charges.

Assets held under capital lease contracts

Any assets acquired under lease-purchase and recorded on the books is depreciated in the same way as fixed assets. Commitments under such agreements are entered at the current value of minimal payments to be made.

Subsidy from the Government

Radio-Québec records the subsidy voted by the National Assembly for the Government fiscal year on the basis of the payment calendar running from April 1 through August 31 and from September 1 through March 31.

Expenditure assumed by the Government

The contribution of Radio-Québec as employer to its employees' pension plan is assumed by the Government and not reflected on the statement of revenue and expenditure.

3. Mortgage loan

On September 30, 1982, Radio-Québec granted the owner of the building rented for its head office a mortgage loan of $3 731 295 bearing 17 % annual interest and payable as follows: $3 031 295 in equal monthly installments, maturing in 1991.

Capital payments over the next five fiscal years will be as follows:

1985	$118 680
1986	139 714
1987	164 474
1988	193 623
1989	231 059

NOTES TO FINANCIAL STATEMENTS (cont'd)
at August 31, 1984

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4. Fixed assets

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Technical equipment	$5 702 861	$4 968 986	$733 875	$1 024 972
Antenna network*	12 716 902	2 602 278	10 114 624	10 702 176
Furniture and fixtures	1 135 289	954 219	181 070	219 516
Rolling stock	60 247	23 987	36 260	32 430
Leasehold improvements	1 421 303	639 612	781 691	608 024
Computer equipment	3 757	376	3 381	
	21 040 359	9 189 458	11 850 901	12 587 118
Antenna network being set up*	7 146 637		7 146 637	3 869 004
	$28 186 996	$9 189 458	$18 997 538	$16 456 122

* The establishment of a Radio-Québec antenna network approved by the Government since 1979 has an estimated cost of $17 million. Financing of part of the costs incurred was secured by issuing bonds for $5.6 million. The terms for financing the balance have not yet been set.

5. Assets held under capital lease contracts

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Technical equipment	$5 411 774	$1 517 872	$3 893 902	$3 799 609
Furniture and fixtures	755 333	239 325	516 008	536 333
Computer equipment	93 671	59 460	34 211	52 023
	6 260 778	1 816 657	4 444 121	4 387 965
Being financed	270 484	13 524	256 960	525 854
	$6 531 262	$1 830 181	$4 701 081	$4 913 819

The following table shows minimum installment payments to be made after August 31, 1984 under leases and the current value of commitments under capital lease contracts:

Fiscal year	Capital lease contracts	Other contracts	Total
1985	$1 084 991	$7 207 353	$8 292 344
1986	1 084 991	4 524 839	5 609 830
1987	1 084 991	4 228 971	5 313 962
1988	1 084 991	3 690 115	4 775 106
1989	1 089 466	3 443 056	4 532 522
Thereafter trough 1997	3 821 543	5 667 333	9 488 876
Total minimum installments	9 250 973	$28 761 667	$38 012 640
Less: interest calculated at rates between 11.6 % and 18.9 %	3 223 695		
	6 027 278		
Less: current installments	288 006		
Commitments under capital lease contracts	$5 739 272		

RADIO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at August 31, 1984

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6. Deferred subsidy — Government of Québec

(Program 8 of the ministère des Communications)

		Fiscal year ended		
	Total	August 31, 1985 (First 7 months)	August 31, 1984	August 31, 1983
Appropriations 1982-1983				
Budget estimates	$51 460 800			
Budget cut	1 100 000			
	$50 360 800			$29 377 133
Appropriations 1983-1984				
Budget estimates	$54 565 400		$31 829 816	22 735 584
Appropriations 1984-1985				
Budget estimates	$56 855 000	$33 165 416	23 689 584	
Revenue for the year according to accounting practice			55 519 400	52 112 717
Cash at August 31			68 785 566	64 844 643
Deferred subsidy at August 31			$13 266 166	$12 731 926

7. Bonds

Funds for bond redemption come from a grant by the Government for that purpose.

	1984	1983
Series "A", bonds, 17.5%, maturing December 23, 1996	$4 450 000	$4 750 000
Less: Due within one year	250 000	300 000
	$4 200 000	$4 450 000

Redemption payments over the next five fiscal years detail as follows:

1985	$250 000
1986	250 000
1987	275 000
1988	550 000
1989	350 000

8. Deferred revenue

Radio-Québec collected rent in the amount of $445 000 covering a period of 20 years beginning December 1, 1982 for the use of leased assets. Annual rental revenue is determined according to a formula that allows for a constant rate of return over the length of the lease.

9. Cost of shows produced and broadcast

	1984	1983
Shows produced and under production at beginning	$8 786 579	$6 130 177
Cost of production for the fiscal year		
National productions	19 567 950	17 296 035
Regional productions	6 500 552	5 852 348
Depreciation of technical equipment	743 935	708 488
General expenses	3 738 221	3 699 176
	30 550 658	27 556 047
	39 337 237	33 686 224
Less: Shows produced and under production at year-end	7 900 232	8 786 579
Cost of shows produced and broadcast	$31 437 005	$24 899 645

10. Financial charges

	1984	1983
Interest on borrowings from financial institutions	$908 876	$944 347
Bond interest	795 102	877 076
Interest on capital lease contracts	798 599	894 022
	2 502 577	2 715 445
Less:		
Interest capitalized to antenna network being set up	180 093	218 100
	$2 322 484	$2 497 345

11. Expenditure by category

	1984	1983
Wages, salaries and fringe benefits	$30 748 644	$28 061 377
Transportation and communications	3 538 222	3 211 228
Professional, administrative and other services	6 321 579	5 276 016
Rent	7 149 832	6 762 166
Supplies	3 376 816	3 512 604
Broadcast and distribution rights	2 963 825	2 797 426
Depreciation of fixed assets	1 806 631	1 657 355
Financial charges	2 322 484	2 497 345
Bad debts	6 198	30 394
	58 234 231	53 805 911
Plus:		
Shows produced and under production — change for the year	886 347	(2 656 402)
	$59 120 578	$51 149 509

12. Revenue

	1984	1983
Sales and services	$1 862 204	$1 167 003
Interest on term, bank and other deposits	566 358	541 364
	$2 428 562	$1 708 367

RADIO-QUÉBEC

R.S.Q., c. S-11.1

AUDITOR'S REPORT

I have examined the balance sheet of Radio-Québec as at August 31, 1984 and the statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Radio-Québec as at August 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Robert Noël, C.A.
For the Auditor General of Québec

Québec, December 14, 1984

RAFFINERIE DE SUCRE DU QUÉBEC

R.S.Q., c. R-0.1

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Accounts receivable	$5 564 768	$6 448 528
Advances to producers		3 334 270
Inventories (Note 3)	3 686 644	7 025 292
Prepaid expenses	403 173	498 556
	9 654 585	17 306 646
SUBSIDY RECEIVABLE	1 414 950	
FIXED ASSETS (Note 4)	54 492 533	51 687 338
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 5)	5 816 094	5 862 068
DEFERRED CHARGES	4 657 015	5 201 892
OTHER ASSETS (Note 6)	3 115 952	
	$77 736 179	$81 472 894
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash on hand	$182 071	$145 989
Bank indebtedness	18 646 000	9 043 000
Accounts payable and accrued expenses	3 131 503	3 881 785
Deferred revenue	1 268 149	
Long-term debt due within one year (Note 7)	300 000	250 000
Installments due under a capital lease contract (Note 5)	276 378	242 575
	23 804 101	13 563 349
LONG-TERM DEBT (Note 7)	28 899 820	40 234 729
COMMITMENTS UNDER CAPITAL LEASE (Note 5)	5 079 804	5 353 868
DEFERRED CREDIT	4 791 800	4 829 781
	62 575 525	63 981 727
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 8)		
Authorized: 500 000 shares par value of $100		
Issued and paid-up: 360 000 shares (1984: 270 000 shares)	36 000 000	27 000 000
DEFICIT	20 839 346	9 508 833
	15 160 654	17 491 167
	$77 736 179	$81 472 894

CONTINGENT LAIBILITIES (Note 11)

On behalf of the Board of Directors,

André Marier
Jean-Marc Kirouac

RAFFINERIE DE SUCRE DU QUÉBEC

OPERATING RESULTS AND DEFICIT
for the fiscal year ended March 31, 1985

	1985	1984
SALES	$46 047 039	$40 173 588
COST OF SALES AND OTHER CHARGES		
aside from the following:	50 644 227	41 702 716
Depreciation of fixed assets	901 696	1 026 379
	51 545 923	42 729 095
Operating loss	5 498 884	2 555 507
Net financial charges (Note 9)	5 831 629	4 272 313
Net loss	11 330 513	6 827 820
DEFICIT AT THE BEGINNING	9 508 833	2 681 013
DEFICIT AT YEAR-END	$20 839 346	$9 508 833

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1985

	1985	1984
SOURCE OF FUNDS		
Share issue	$9 000 000	$9 000 000
Long-term debt		2 959 000
Subsidy	1 414 950	
Disposal of fixed assets	11 700	4 000
	10 426 650	11 963 000
APPLICATION OF FUNDS		
Net loss	11 330 513	6 827 820
Depreciation of fixed assets	(901 696)	(1 026 379)
Amortization of deferred charges	(544 877)	(422 490)
Loss on disposal of fixed assets	(8 663)	(2 350)
Deferred credit	37 981	67 235
Funds for operations	9 913 258	5 443 836
Acquisition of fixed assets	3 681 280	5 128 423
Long-term debt	11 334 909	1 707 703
Decrease in capital lease commitments	274 064	263 114
Other assets	3 115 952	
Deferred charges		3 007 315
	28 319 463	15 550 391
DECREASE IN WORKING CAPITAL	17 892 813	3 587 391
WORKING CAPITAL AT THE BEGINNING	3 743 297	7 330 688
WORKING CAPITAL (DEFICIT) AT YEAR-END	$(14 149 516)	$3 743 297

RAFFINERIE DE SUCRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and purpose

The Raffinerie de sucre du Québec is a joint-stock corporation founded under a special Act. The Raffinerie is charged with:

1° extracting, refining, making and marketing sugar from beets or other sources and derivatives, substitutes or by-products of sugar;

2° carrying out any industrial, agricultural, commercial or research activity compatible with the pursuit of the aforementioned goals.

2. Accounting policies

Raffinerie financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Inventories

Sugar stocks comprise sugar on hand (raw and refined) term contracts and the net position on commodity markets. Sugar on hand is valued at the lesser of cost or market value, to which the cost of refining, packaging and transportation is added in the case of refined sugar stocks. That covered by term sales contracts is valued at initial price where the commercial risk is not significant. The liability concerning term contracts for sales is subtracted from inventories.

Other stocks are valued as follows:

By-products — at net realization value;
Supplies — at average cost;
Seed grains — at cost.

Fixed assets

Fixed assets are entered at cost of acquisition. This includes materials, direct labour, related charges, start-up costs and interest applicable to the expansion and modernization of Raffinnerie facilities under way. Government assistance for capital spending is subtracted from the cost of fixed assets.

Depreciation of buildings and rolling stock is charged according to the straight-line method on the basis of estimated service life. Annual rates vary from 2 % to 20 %.

The production method of depreciation is used in the case of land servicing, machinery and equipment.

Assets held under capital lease

Depreciation of assets held under the term of a capital lease contract is charged using the same method as for machinery and equipment. Commitments under such a contract are recorded at the current value of minimal payments to be made.

Deferred charges

Charges incurred for the marketing of refined sugar are deferred and amortized on the basis of the quantity of product delivered during the year over the total projected for the length of contracts. Costs incurred under the program to promote the cultivation of sugar beets are deferred and will be amortized beginning with the 1986-1987 fiscal year, when the Raffinerie intends to start refined sugar production.

Deferred credit

The gain realized on the sale and leaseback of certain assets is recorded as deferred credit and transferred to operating results as depreciation is charged on such assets.

Expenditure assumed by the Government

The Raffinerie contribution as employer to its employee's pension plan as well as remuneration to an officer are assumed by the Government and not reflected on the statement of operating results.

3. Stocks

	1985	1984
Sugar (raw and refined)	$1 709 965	$4 868 355
By-products	971 673	949 903
Supplies	841 642	864 093
Seed grain	163 364	342 941
	$3 686 644	$7 025 292

The stocks are the guarantee given for bank borrowings.

4. Fixed assets

	1985	1984
Land	$1 267 717	$1 267 217
Land servicing	3 167 552	3 118 220
Buildings	21 909 584	21 904 615
Machinery, equipment and rolling stock	41 022 362	36 912 492
	67 367 215	63 202 544
Government subsidy	7 074 750	7 074 750
	60 292 465	56 127 794
Accumulated depreciation	6 565 755	5 718 171
	53 726 710	50 409 623
Projects under way	765 823	1 277 715
	$54 492 533	$51 687 338

5. Capital lease

For financing purposes, the Raffinerie disposed of certain assets during the 1982-1983 fiscal year for $6 million and leased them back for the same price. These assets are represented by:

	1985	1984
Machinery and equipment	$6 000 000	$6 000 000
Accumulated depreciation	183 906	137 932
	$5 816 094	$5 862 068

The following table details the current value of minimal payments to be made after March 31, 1984 under the lease contract.

Fiscal year	
1986	$1 004 105
1987	1 004 105
1988	1 004 105
1989	1 004 105
1990	1 004 105
Thereafter through 1995	4 359 235
Total minimum installments	9 379 760
Less: Interest	4 023 578
	5 356 182
Less: current installments	276 378
Capital lease commitment	$5 079 804

RAFFINERIE DE SUCRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

6. Other asset items

This item represents accumulated claims at March 31, 1985 of U.S. customs credits converted to Canadian dollars in accordance with an agreement with an American refiner.

Subsequent to the end of the fiscal year, the U.S. refiner indicated its intention of submitting a reorganization plan to its creditors under Chapter 11 of the "Bankruptcy Reform Act" according to which the customs credits could be part of its assets.

Legal counsel for the Raffinerie dispute this inclusion of custom credits in the assets of the U.S. refiner and have served notice in U.S. bankruptcy court to this effect. At the time of preparation of these financial statements, it is impossible to foresee the result of this notice; accordingly, no allowance for eventual losses has been recorded at March 31, 1985 concerning the realization of these claims.

7. Long-term debt

	1985	1984
Debt relating to the expansion and modernization program under way		
Bank indebtedness	$27 585 000	$38 600 000
Owed on land acquisitions	39 820	59 729
	27 624 820	38 659 729
Other debt	1 575 000	1 825 000
Due within one year	300 000	250 000
	1 275 000	1 575 000
	$28 899 820	$40 234 729

Debt relating to the expansion and modernization program is considered by the Raffinerie as long-term since repayments will be financed through the issue of capital stock or long-term debt instruments.

8. Capital stock

All Raffinerie shares are held by the Government.

Authorized share capital is $50 million. During the fiscal year ended March 31, 1985, 90 000 shares were issued and paid at $36 million.

During fiscal 1985-1986 the Government will pay up to $9 million and up to $3 million in fiscal 1985-1986 for a corresponding amount of its paid-up capital stock. The Government may also pay the Raffinerie an additional sum of $11 million for a corresponding amount of its capital stock, in one or more installments, as it sees fit and according to the terms it decides to set.

9. Net financial charges

	1985	1984
Interest on borrowings and other	$5 947 377	$4 560 298
Transfer of deferred credit	(37 980)	(67 235)
Interest charged to the expansion and modernization program for Raffinerie installations		(210 284)
Gains on foreign exchange	(77 768)	(10 466)
	$5 831 629	$4 272 313

10. Expenditure assumed by the Government

	1985	1984
Employer contribution to Raffinerie employees' pension and an officer's remuneration, including fringe benefits	$226 973	$201 939

11. Contingent liabilities

Legal proceedings have been taken against the Raffinerie. In the opinion of management and its legal counsel, no important liability can result from these actions. Accordingly, no allowance has been recorded with respect to these claims.

RAFFINERIE DE SUCRE DU QUÉBEC

R.S.Q., c. R-0.1

AUDITOR'S REPORT

I have examined the balance sheet of the Raffinerie de sucre du Québec as at March 31, 1985 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, allowing for the facts mentioned in Note 6 concerning the assessment of U.S. customs claims receivable, these financial statements present fairly the financial position of the Raffinerie as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Authorization

The Act respecting the Raffinerie de sucre du Québec, which was given assent and came into force on June 23, 1982, allows the Raffinerie to make by-laws concerning the exercise of its powers and its internal affairs without Government authorization.

Altrough the by-law establishing standards for the appointment and remuneration of the secretary, other officers and employees of the Raffinerie was passed by the board of directors on June 2, 1983, it has not yet received Government approval.

In the absence of Government authorization, I cannot determine if the operations of the Raffinerie from June 23, 1982 to May 31, 1985 were carried out in accordance with its founding Act.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, September 10, 1985

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

BALANCE SHEET

as at February 29, 1985

(in thousands of dollars)

	1985	1984
ASSETS		
Cash and term deposits	9 635	13 937
Account receivable	14 697	5 182
Owed by the Government		8 135
Investment earnings accrued and receivable	41 925	35 009
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits	19 921	8 773
Participation deposits (Note 3)	2 299 681	1 905 963
Land	1 626	
	2 387 485	1 976 999
LIABILITIES AND RESERVE		
Accounts payable and accrued charges	27 034	25 774
Owed the Government	1 170	
Deferred contributions (Note 4)	184 676	159 764
Commitments to victims — actuarial reserve (Note 5)	1 788 000	1 557 900
	2 000 880	1 743 438
Stabilization reserve	386 605	233 561
	2 387 485	1 976 999

COMMITMENTS (Note 9)

On behalf of the Board of Directors,

Jean P. Vézina, President and Director General
Jacques Desmeules, Vice President

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

REVENUE AND EXPENDITURE

for the fiscal year ended February 28, 1985

(in thousands of dollars)

	1985	1984 (Note 11)
REVENUE		
Contributions		
Registration	315 394	287 687
Driver's licenses	80 459	72 282
Issue and renewal fees (Note 6)	40 793	
Investment earnings	242 190	203 827
Other	1 998	1 461
	680 834	565 257
EXPENDITURE		
Compensation paid		
Income replacement	99 166	92 622
Death benefits	27 554	23 097
Other	56 451	51 394
	183 171	167 113
Administrative expenses (Note 7)	114 519	102 156
Increase in the actuarial reserve	389 100	338 700
	686 790	607 969
OPERATING LOSS	(5 956)	(42 712)
Readjustment of previous years' actuarial reserve		
Extraordinary item		
Change to actuarial assumptions (Note 8)	159 000	89 006
Extraordinary item		
Legislative amendments		40 900
SURPLUS REVENUE OVER EXPENDITURE	153 044	87 194

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

CHANGE IN FINANCIAL POSITION

for the fiscal year ended February 28, 1985

(in thousands of dollars)

	1985	1984
SOURCE OF FUNDS		
Surplus revenue over expenditure	153 044	87 194
Items without impact on cash position		
Increase in the actuarial reserve	230 100	208 794
Funds from operations	383 144	295 988
Increase in liabilities		
Accounts payable and accrued charges	1 260	1 828
Deferred contributions	24 912	48 453
Decrease in assets	1 170	
Owed by the Government	8 135	(10 248)
	418 621	336 021
APPLICATION OF FUNDS		
Funds entrusted to the Caisse de dépôt et placement du Québec		
Demand deposits	11 148	(17 153)
Term deposits		(14 000)
Participation deposits	393 718	358 129
	404 866	326 976
Land purchase	1 626	
Increase in assets		
Accounts receivable	9 515	(889)
Investment earnings accrued	6 916	5 191
	422 923	331 278
INCREASE (DECREASE) IN CASH POSITION	(4 302)	4 743
BALANCE AT THE BEGINNING	13 937	9 194
BALANCE AT YEAR-END	9 635	13 937

STABILIZATION RESERVE

for the fiscal year ended February 28, 1985

(in thousands of dollars)

	1985	1984
Balance at the beginning	233 561	146 367
Surplus revenue over expenditure	153 044	87 194
Balance at year-end	386 605	233 561

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at February 28, 1985

1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Régie de l'assurance automobile du Québec was founded on March 1, 1978. The Régie is responsible for:

(a) implementing the plan for compensation victims of bodily injury as prescribed by the Automobile Insurance Act;

(b) applying the plan for material compensation prescribed by Title IV of the Automobile Insurance Act;

(c) applying Highway Safety Code provisions covering the registration of road vehicles and the issuance of permits and licences; and

(d) promoting highway safety as relates to both driving habits and vehicle safety standards.

2. Accounting policies

The financial statements of the Régie were prepared by management according to the accrual accounting method, within reasonable limits of materiality and in accordance with accounting policies which are summarized as follows:

(a) Deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at acquisition cost.

(b) Fixed assets

Land is shown at original cost. Furniture and equipment, leasehold improvements and equipment acquired under capital lease contracts are charged to administrative expenses.

(c) Actuarial reserve

The actuarial reserve includes:

(1) The capitalized value of income replacement, death benefits and other compensation for claims filed and accepted, less the current value of recoveries;

(2) the estimated cost of compensation payable for claims under study or not yet filed;

(3) the estimated cost for the future administration of compensation benefits.

(d) Recovery of compensation paid

No account receivable is shown on the balance sheet for compensation to be recovered relating to accidents that occured before March 1, 1978. Amounts collected during the year are posted to operations, reducing compensation paid.

3. Participation deposits

At February 28, 1985, the Régie held 2 994 696 (1984: 2 498 751) participation deposit units in the general fund of the Caisse de dépôt et placement du Québec, whose cost amounted to $2 299 681 000 (1984: $1 905 963 000). Based on the unit realization value at December 31, 1984, the realization value of the participation deposits held is estimated at $2 511 233 176 (1984: $2 087 168 479). These units are repayable, provided notice is given, in accordance with the provisions of the rules of the Caisse de dépôt, at the realization value of the net equity of the general fund at the end of each quarter.

4. Deferred contributions

This item represents contributions paid before March 31, 1985 by automobile owners and drivers for fiscal years ending after February 28, 1984.

5. Commitments to victims — Actuarial reserve

	1985	1984
	(in thousands of dollars)	
Claims filed and accepted		
Capitalized value of future benefits including pension upgrading	1 555 400	1 357 400
Claims under study or not yet filed		
Current estimated value of resulting compensation	142 100	116 300
Future administrative expenses		
Current estimated value of charges for making benefit payments	90 500	84 200
	1 788 000	1 557 900

6. Issue and renewal fees

Since March 14, 1984, fees for issuing and renewing licence plates and driving permits constitute revenue for the Régie. Previously, these fees were paid over to the Government.

7. Administrative expenses

	1985	1984
	(in thousands of dollars)	(Note 11)
Charges for collecting contributions	7 154	6 991
Wages, salaries and fringe benefits	60 602	56 962
Travel expenses	1 362	1 166
Rental of premises and equipment	7 440	6 947
furniture, equipment and maintenance	2 732	2 366
Transportation and communications	5 491	5 091
Information and advertising	1 648	1 481
Professional and administrative services	10 409	8 128
Computer and office automation services	12 055	7 425
Fees for claims experts in helping victims	406	451
Printing, office supplies and other expenses	5 220	5 148
	114 519	102 156

NOTES TO FINANCIAL STATEMENTS (cont'd)
at February 28, 1985

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8. Retroactive change to the actuarial reserve

The result of changes to assumptions at the time of valuation on February 29, 1984 is a decrease in the actuarial reserve by $159 000 000. These changes flow from statistical data gathered over the current fiscal year.

9. Commitments

At February 28, 1985 minimal payments under long-term leases for premises detail as follows:

	(in thoudands of dollars)
1986	6 161
1987	5 196
1988	4 964
1989	2 546
1990	1 664
1991 and subsequent fiscal years	3 154
	23 685

10. Subsequent event

a) In March 1985, the Régie undertook to acquire computer equipment for an amount of $31 327 000. It aslo undertook to dispose of computer equipment for a consideration of $3 953 000 trough a sale-leaseback arrangement, and to lease the same equipment through to October 1985 at a price of $1 937 000. These contracts cancel and replace all rental and purchase contracts for computer equipment then in force.

b) When the Government's estimates for 1985-1986 were presented on March 19, 1985, the Minister responsible for Administration and President of the Treasury Board stated that the cost of health services provided as a result of traffic accidents would have to be borne by those insured by the Régie de l'assurance automobile du Québec. The annual costs involved were not known at time of preparation of the financial statements.

11. Comparative figures

Some figures for 1984 have been reclassified to make them consistent with the presentation adopted in 1985.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

CERTIFICATE

concerning the valuation of the actuarial reserve of the Régie de l'assurance automobile du Québec at February 28, 1985

The valuation at February 28, 1985 of the amount needed to meet all present and future compensation payments arising from traffic accidents which occured prior to March 1, 1985 was carried out in accordance with the requirements of section 153 of the Automobile Insurance Act (R.S.Q., chapter A-25). Compensation awards covered by the valuation were those provided for under Title II and in chapter II of Title IV of the Automobile Insurance Act, for accidents which occured between March 1, 1978 and March 1, 1985, as well as those provided for under chapter III of Title IV of the said Act for accidents which occured between September 30, 1961 and March 1, 1978.

The amount of the actuarial reserve at February 28, 1985 is $1 788.0 million and contitutes necessary and sufficient provision for the payment of the said compensation.

In my opinion, the data used in the valuation are reliable and sufficient, the assumptions and methods used are appropriate to the circumstances and the valuation was conducted in accordance with generally accepted actuarial principles.

Jean-Pierre Provencher, F.C.I.A.
Martineau, Provencher & Associés Ltée

Sillery, April 15, 1985

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance automobile du Québec as at February 28, 1985 and the statements of revenue and expenditure, stabilization reserve and change in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements pesent fairly the financial position of the Régie as at February 28, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the perceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 14, 1985

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

R.S.Q., c. A-26 and amendments

BALANCE SHEET

as at December 31, 1984

	1984	1983
ASSETS		
Cash	$3 377 458	$1 939 586
Premiums and other accounts receivable	500 677	233 645
Advances to registered institutions (Note 3)	7 900 000	8 045 040
Claims on insured deposits (Note 4)	7 701 000	6 825 600
	$19 479 135	$17 043 871
LIABILITIES		
Borrowings (Note 5)	$16 800 000	$11 600 000
Accrued interest on borrowings	101 024	50 389
Accounts payable	310 989	260 026
	17 212 013	11 910 415
FONDS D'ASSURANCE-DÉPÔTS EQUITY		
Premiums		
Balance at the beginning	7 003 901	3 106 930
Premiums for the year	4 779 482	3 896 971
Balance at year-end	11 783 383	7 003 901
Contribution from the Government	1 000 000	1 000 000
Accumulated deficit	(10 516 261)	(2 870 445)
	2 267 122	5 133 456
	$19 479 135	$17 043 871

CONTINGENT LIABILITIES (Note 7)

On behalf of the Board of Directors,

Jean-Marie Bouchard
Victor P. Guerci

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

OPERATING RESULTS AND DEFICIT

for the fiscal year ended December 31, 1984

	1984	1983
REVENUE		
Interest on advance to registered institutions	$2 288	$773 268
Interest on deposits and other accounts receivable	64 637	101 196
	66 925	874 464
EXPENDITURE		
Interest on borrowings	512 547	1 871 416
Wages, salaries and other remuneration	230 808	181 719
Other expenses	13 402	15 257
Charged by the Inspector General of Financial Institutions	68 182	66 487
	824 939	2 134 879
NET LOSS FOR THE YEAR	758 014	1 260 415
DEFICIT AT THE BEGINNING	2 870 445	521 872
	3 628 459	1 782 287
Increase in the provision for losses	6 887 802	1 088 158
DEFICIT AT YEAR-END	$10 516 261	$2 870 445

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1. Purpose and financing

The purpose of the Régie de l'assurance-dépôts du Québec, incorporated under the Deposit Insurance Act, is to:

— control the sollicitation and reception of deposits of money from the public;

— for any person who has made a deposit of money in a registered institution, guarantee the payment of the principle and interest on such deposit at their respective maturities, up to $60 000;

— manage a deposit insurance fund;

— administrer a system of licences.

The deposit insurance fund must be maintened for the perfomance of the guarantee obligation as well as to exercise certain powers. Premiums collected by the Régie are paid into this fund, as are amounts the Government pays to the Régie, under certain conditions, to set up adequate reserves to cover the risks insured by the Régie.

Should the resources of the Régie be insufficient to pay its obligations or exercise its powers, the Government may take advances to the Régie or guarantee the payment of any commitment the latter may take. The total unpaid balance of such advances and guaranteed commitments must not exceed $700 000 000.

2. Accounting policies

Régie financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Premiums

Premiums collected from registered institutions are calculated on the basis of the amount of their insured deposits at March 31 each year and posted to Deposit Insurance Fund equity.

The current fiscal period covers 13 months, from April 1, 1984 to April 30, 1985, compared to 12 months for the previous year, as a ersult of an amendment to its act of incorporation which came into force June 20, 1983.

Provision for losses

Provision for losses, determined on a case by case basis, arising from the subrogation of depositors' rights and interests or from specific intervention taken is entered on the books as soon as a reasonable evaluation can be carried out. This loss is charged to accumulated net surplus of deficit, as the case amy be.

Administration expenses

The cost of fringe benefits granted to employees of the Régie is covered by the Government and is not carried to the statement of results and deficit.

3. Advances to registered institutions

	1984	1983
Confédération des caisses populaires et d'économie Desjardins du Québec, interest free and payable in 1986.	$6 400 000	$6 400 000
Fédération des caisses d'entraide économique du Québec, interest free and payable in 1985 secured by bonds with a market value of $1 678 563 at December 31, 1984 (1983: $1 664 500)	1 500 000	1 500 000
Société d'entraide économique Brome-Missisquoi		145 040
	$7 900 000	$8 045 040

4. Claims for reimbursement of insured depostis

Under its powers of subrogation, the Régie believes it can recover the following on amounts paid the depositors of registered institutions:

	1984	1983
Reimbursements less amounts already recovered	$16 233 000	$8 468 600
Provision for losses	8 532 000	1 643 000
	$7 701 000	$6 825 600

In the years ahead, the Régie may be called upon to make further payments on the balance of insured deposits in the amount of $1 126 300 with a registered institution.

5. Borrowings

	1984	1983
Caisse centrale Desjardins du Québec, due July 1, 1985, renewable yearly, bearing interest at the prime rate, guaranteed by the Government	$10 400 000	$5 200 000
Government of Québec, due in 1986 and interest free	6 400 000	6 400 000
	$16 800 000	$11 600 000

6. Insured deposits

According to the annual reports filed by institutios registered at March 31, 1984, insured deposits amounted to $25 billion ($20 billion in 1983).

7. Contingent liabilities

Crown Trust

This Ontario trust company was seized by the government of that province on January 7, 1983 under legal provisions governing trust and loan companies. Trust was operating in Québec under Régie permit.

According to an agreement reached February 7, 1983 between Crown Trust, Central Trust, the Deposit Insurance Corporation of Canada and the Registrar under the Loan and Trust Corporations Act of Ontario, Central Trust was appointed to administer the afairs of Crown Trust for a period of five years. The agreement allows Central Trust to acquire Crown Trust assets under certain conditions. Any loss arising from the liquidation of certain Crown Trust assets will be borne by the Deposit Insurance Corporation of Canada. Since part of Crown Trust deposits are insured by the Régie (deposits of $60 000 and less accepted in Québec), an agreement has yet to be reached with the Deposit Insurance Corporation on the sharing of losses. An estimate of the loss to be sustained by the Régie with respect to Crown Trust cannot be made until the Central Trust liquidation of Crown Trust assets has not advanced to a further stage.

Société d'entraide économique de Napierville — Lapraine

Under a decision handed down on November 19, 1984, this corporation was ordered wound up in accordance with the Act respecting the winding-up of insolvent companies, R.S.C., c. W-10.

The liquidator's report, dated November 19, 1984, mentions a deficit of $863 000 after deducting capital stock.

The loss the Régie may enventually incur as a result of this winding up cannot be assessed as of the date the financial statements of the Régie are prepared. It will only be known once the assets of this corporation have been liquidated and the payment of its deposits completed.

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

R.S.Q., c. A-26 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance-dépôts du Québec as at December 31, 1984 and the statement of operating results and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considred necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Régie as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 25, 1985

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

R.S.Q.., c. R-5

ASSETS AND LIABILITIES

as at March 31, 1985
(in thousands of dollars)

	1985	1984
ASSETS		
Cash	9 467	2 217
Contributions receivable from the Health Services Fund	162 509	141 999
Charges to recover:		
Health Assistance program	10 443	20 645
Other programs	17 586	19 283
Sundry accounts receivable	1 945	1 434
Head office building (Note 3)	17 360	17 605
	219 310	203 183
LIABILITIES		
Outstanding cheques	19 949	18 503
Insured services payable	173 180	159 531
Sundry account payable and accrued charges	8 821	7 544
Mortgage loan (Note 3)	17 360	17 605
	219 310	203 183

On behalf of the Régie,

J. Auguste Mockle
Claude Chicoine

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

COST AND FINANCING OF PROGRAMS ADMINISTERED BY THE RÉGIE

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	Health Insurance Plan	Health Assistance	Other Programs	Total	
				1985	1984
COST OF PROGRAMS					
Medical services	1 153 916		70 408	1 224 324	1 149 213
Optometric services	30 543	3 328		33 871	30 825
Dental services	68 034	45 150		113 184	100 418
Drugs and pharmaceutical services	142 241	64 557	41	206 839	178 411
Protheses	14 044	6 109		20 153	16 166
Scholarships and allowances	7 371			7 371	5 621
Hospital services (Note 4)			105 452	105 452	106 904
	1 416 149	119 144	175 901	1 711 194	1 587 558
Recovery of third-party liabilities and contributions from foreign nationals for hospital care			2 103	2 103	2 273
	1 416 149	119 144	173 798	1 709 091	1 585 285
ADMINISTRATIVE EXPENSES (Note 5)	47 110	5 211	2 440	54 761	53 023
	1 463 259	124 355	176 238	1 763 852	1 638 308
SOURCES OF FINANCING					
Health Services Fund	1 456 509			1 456 509	1 356 593
Government of Québec		124 355	142 942	267 297	256 797
Reciprocal agreements with other provinces (Note 4)			13 492	13 492	13 426
Commission de la santé et de la sécurité du travail	4 947		19 804	24 751	9 752
Other	1 803			1 803	1 740
	1 463 259	124 355	176 238	1 763 852	1 638 308

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1. Constitution, purpose and financing

Created under the Act respecting the Régie de l'assurance-maladie du Québec, the Régie is a corporation given responsibility for administering the health insurance plan and any other program entrusted to it by the Government or the Act.

The Régie is charged with administering, among others, the Health Assistance program of the ministère de la Main-d'oeuvre et de la Sécurité du revenu, the ministère de l'Enseignement supérieur, de la Science et de la Technologie program for remunerating resident doctors and interns and the following parts of ministère des Affaires sociales programs: the payment of hospital services rendered outside Québec, as well as the collection of amounts recoverable for hospital services from liable third parties, residents of other provinces and foreign nationals. The Régie also pays for the professional services of physicians working within the framework of legislation administered by the Commission de la santé et de la sécurité du travail, which then reimburse the Régie.

Funding for the health insurance plan comes from the Health Services Fund, itself financed through employer contributions and sums paid by the Minister of Finance from the Consolidated Revenue Fund according to Régie needs.

2. Accounting policies

The Régie's financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Sources of financing

Revenue is recorded on the accrual basis, except for amounts recovered from third parties and contributions from foreign nationals which are entered on a cash basis.

Cost of programs

Insured services under the Health Insurance Act charged to the health insurance and health assistance programs include requests for payment received by April 30th for services rendered and drugs supplied before the first of that month. Expenditure on other programs is recorded upon outlay.

Administrative expenses

Administrative expenses are recorded on the accrual basis.

Fixed assets

The head office buildings is recorded at cost of acquisition and depreciation is charged on the basis of that portion of the mortgage loan repaid during the year. The purchase of furniture and equipment, along with the cost of leasehold improvements, is posted to administrative expenses.

3. Head office building and mortgage loan

(in thousands of dollars)

	1985	1984
Building, at cost	18 537	18 537
Accumulated depreciation	1 177	932
	17 360	17 605

To finance the cost of this building, the Régie concluded, in July 1983, a mortgage loan of $17 735 000 at 12.25 % annualy, repayable by monthly installments of $194 632, including principal and interest, maturing August 1, 1988.

4. Hospital services

(in thousands of dollars)

	1985	1984
Hospital services to Québec residents outside the province	91 960	93 478
Hospital services rendered in Québec to residents of other provinces	13 492	13 426
	105 452	106 904

5. Administrative expenses

(in thousands of dollars)

	1985	1984
Wages, salaries and fringe benefits	35 613	36 281
Office space, furniture and equipment	8 994	7 658
Supplies	2 347	2 414
Transportation and communications	2 733	2 873
Interest on mortgage loan	2 088	2 033
Professional and other services	2 741	1 546
Depreciation on Head office building	245	218
	54 761	53 023

6. Remuneration of health professionals

The agreement with the Association québécoise des pharmaciens propriétaires expired May 31, 1983, while that with the Fédération des médecins résidents et des internes expired June 30, 1982. Until these agreements are renewed, the professionals involved will continue to be paid according to the most recently expired agreements.

7. Anticipated change in the health insurance system's sources of financing

When the Government's estimates for 1985-1986 were presented on March 19, 1985, the Minister responsible for Adminstration and President of the Treasury Board stated that the cost of health services provided as a result of traffic accidents would have to be borne by those insured by the Régie de l'assurance automobile du Québec. The annual costs involved were not known at time of preparation of the financial statements.

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

R.S.Q., c. R-5

AUDITOR'S REPORT

I have examined the statements of assets and liabilities of the Régie de l'assurance-maladie du Québec as at March 31, 1985 and the statement of the cost and financing of programs administered by the Régie for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Régie as at March 31, 1985, and its operating costs and financing for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 31, 1985

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

R.S.Q., c. A-30

INSURANCE FUNDS

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CROP INSURANCE FUND		
Cash	$880 617	$92 749
Owed by the Farm Income Stabilization Insurance Fund	9 413 061	
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec and accrued interest		3 507
	$10 293 678	$96 256
FARM INCOME STABILIZATION INSURANCE FUND		
Accounts receivable	$239 020	$264 364
Contribution receivable from the Government	4 825 347	4 003 102
Advances to the insured (Note 3)	13 498 407	6 142 361
Owed by the Crop Insurance Fund		2 215 557
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec and accrued interest		10 563 661
	$18 562 774	$23 189 045
LIABILITIES		
CROP INSURANCE FUND		
Provision for indemnities and compensation to the insured	$322 239	$5 769 900
Premiums paid in advance	5 575 749	5 661 349
Owed the Farm Income Stabilization Insurance Fund		2 215 557
	5 897 988	13 646 806
Fund equity (deficit)	4 395 690	(13 550 550)
	$10 293 678	$96 256
FARM INCOME STABILIZATION INSURANCE FUND		
Outstanding cheques less cash	$3 228 480	$18 200 066
Borrowing — Caisse de dépôt et placement du Québec and accrued interest (Note 4)	26 228 401	
Provision for compensation to the insured	26 292 550	53 846 000
Unearned contribution and premiums	59 382 255	48 128 697
Owed the Crop Insurance Fund	9 413 061	
	124 544 747	120 174 763
Fund deficit	(105 981 973)	(96 985 718)
	$18 562 774	$23 189 045

On behalf of the Régie,

Norbert Dubé
Jacques Brulotte

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

CROP INSURANCE FUND

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Premiums	$11 220 705	$8 047 256
Contribution from the Government	11 220 705	8 047 256
	22 441 410	16 094 512
Interest on deposits	857 379	1 511 554
	23 298 789	17 606 066
EXPENDITURE		
Indemnities and compensation	5 352 549	39 858 427
Administrative expenses (Note 5)	8 817 557	7 509 393
	14 170 106	47 367 820
Less: expenses assumed by the Government	8 817 557	7 509 393
	5 352 549	39 858 427
SURPLUS REVENUE OVER EXPENDITUIRE	17 946 240	(22 252 361)
FUND EQUITY (DEFICIT) AT THE BEGINNING	(13 550 550)	8 701 811
FUND EQUITY (DEFICIT) AT YEAR-END	$4 395 690	$(13 550 550)

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FARM INCOME STABILIZATION INSURANCE FUND

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Premiums	$29 652 122	$16 786 693
Contribution from the Government	59 304 244	33 573 387
	88 956 366	50 360 080
Interest on deposits	1 446 188	546 009
	90 402 554	50 906 089
EXPENDITURE		
Compensation to the insured	95 243 764	133 005 748
Interest in borrowings	4 155 045	
Administrative expenses (Note 5)	1 556 039	1 325 189
	100 954 848	134 330 937
Less: Expenses assumed by the Government	1 556 039	1 325 189
	99 398 809	133 005 748
SURPLUS EXPENDITURE OVER REVENUE	8 996 255	82 099 659
FUND DEFICIT AT THE BEGINNING	96 985 718	14 886 059
FUND DEFICIT AT YEAR-END	$105 981 973	$96 985 718

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

INSURANCE FUNDS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution, purpose and financing

The Régie des assurances agricoles du Québec, a corporation within the meaning of the Civil Code, is responsible for administering crop insurance and farm income stabilization insurance plans established by the Government.

Crop insurance

The object of the crop insurance plan is to provide a guarantee to farmers of a minimum return for their production upon payment of premiums. The contribution of the Government and the premiums farmers pay (50-50) serve to create an insurance fund which, in the long term, will be sufficient to pay indemnities guaranteed under contract to farmers.

Where the resources of the insurance fund prove insufficient to pay indemnities and compensation, the Minister of Finance is authorized to advance sums to the Régie from the Consolidated Revenue Fund to make such payments. The reimbursement of advances is subject to terms set by the Government.

Farm income stabilization insurance schemes

The purpose of farm income stabilization insurance is to guarantee producers an annual net income. The contribution from the Government is double that of farmers paying premiums; together they comprise an insurance fund obligated under the terms of its constitutive Act to make all compensation payments to which participants are entitled.

Where the resources of the insurance fund prove insufficient to pay indemnities and compensation, the Minister of Finance is authorized to advance sums to the Régie from the Consolidated Revenue Fund to make such payments. The reimbursement of advances is subject to terms set by the Government.

The Régie may borrow funds to make payments under a farm income stabilization insurance scheme. It may use as security for such borrowings all or part of premiums it collects from farmers and Government contributions. The Government sets the amount of any borrowing, the interest rate and other terms as well as the conditions under which premiums and contributions may be used as security. The Government may also guarantee Régie borrowings.

2. Accounting policies

Administrative expenses

The Régie's administrative expenses are assumed by the Government and paid out of the sums granted annualy by the Legislature for that purpose.

The cost of fringe benefits to Régie employees and that of support services such as telephone, rental of premises, data processing and the like are paid from appropriations voted to the various departments concerned and are not included in the statement of revenue, expenditure and deficit of the insurance funds.

The acquisition, cost of fixed assets is charged to expenditure for the year in accordance with Government accounting practice.

Administration expenses are distributed among the funds proportionally to the volume of activity of each fund.

Insurance premiums, contributions and compensation — farm income stabilization insurance schemes

Contributions and premiums for farm income stabilization insurance are recorded for the fiscal year during which the insurance year and/or the period used to establish prices for compensation purposes, ends.

Any contribution or premiums collected for years ending after March 31 appears as "unearned contribution or premiums" on the balance sheet and indemnities paid in advance as "advances to the insured".

Such advances to insureds represent a portion of the remuneration paid to producers before the end of the insurance year or of the period during which prices are fixed. This measure is applied when justified by the spread between the price guaranteed by the Régie and the market price and it appears obvious that a spread will be maintained until the expiry of the insurance year or of the period during which prices remain fixed.

3. Advances to the insurees

	1985	1984
Scheme		
Piglet producers	$15 296 750	$5 177 450
Potato producers	5 405 009	
Sugar beet producers	2 796 648	964 911
	$13 498 407	$6 142 361

The period for setting prices under these schemes are

Piglet producers	July 1, 1984 to June 30, 1985
Potato producers	August 15, 1984 to May 31, 1985
Sugar beet producers	October 1, 1984 to April 30, 1985

4. Borrowing — Caisse de dépôt et placement du Québec

During the fiscal year, the Régie opened a $40 000 000 revolving credit facility with the Caisse de dépôt et placement du Québec. The credit agreement provides that the Régie may, at its option, on the day of the borrowing, draw advances under the floating rate formula, or opt for a fixed rate for a definite period, which may be 30, 60, 90 or 180 days. At March 31, 1985, the average rate of interest on the borrowing was about 11 %. As security, the Régie has assigned the contribution it receives from the Government under the Act respecting farm income stabilization insurance.

5. Administrative expenses

	1985	1984
Crop Insurance Fund		
Wages, salaries, allowances and other remuneration	$2 860 416	$2 442 193
Transportation and communications	283 683	252 080
Professional, administrative and other services	5 076 824	4 464 535
Maintenance and repairs	34 732	24 734
Rent	54 863	58 972
Supplies	239 761	148 030
Equipment	259 842	115 833
Other	7 436	3 016
	$8 817 557	$7 509 393
Farm Income Stabilization Insurance Fund		
Wages, salaries, allowances and other remuneration	$504 779	$430 976
Transportation and communications	50 062	44 485
Professional, administrative and other services	895 910	787 859
Maintenance and repairs	6 129	4 365
Rent	9 682	10 407
Supplies	42 311	26 124
Equipment	45 854	20 441
Other	1 312	532
	$1 556 039	$1 325 189

6. Class action

A class action has been brought against the Régie in relation to the income stabilization insurance scheme for butcher's meat producers. The suit is for an amount in the order of $2 900 000.

Using criteria cited by the plaintiff, the Régie estimates, however, that the suit cannot exceed $1 200 000.

The lawsuit bears essentially on the method used for evaluating damage.

The Régie considers that even if the method sought by the plaintiff were applied, there would be no outlay required since after a certain number of years, the amount of indemnity payable would be roughly the same whatever the method. The Régie therefore has not recorded a provision for the suit.

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

CROP INSURANCE FUND

BEAKDOWN BY TYPE OF CROP

for the fiscal year ended March 31, 1985

	Balance (deficit) at March 31 1984	Premiums and contribution	Indemnities and compensation	Breakdown of interest on deposits	Balance (deficit) at March 31 1985
General crops					
Individual					
Cereals	$2 169 303		$11	$250 145	$2 419 437
Corn silage	1 342 299	$16 251	(2 690)	156 935	1 518 175
Grassland	2 289 681		(966)	264 155	2 554 802
Group					
Cereals	(1 111 160)	1 008 278	166 762	(18 461)	(288 105)
Corn silage	1 285 006	482 373	49 636	198 044	1 915 787
Hay	(26 032 688)	10 525 381	1 204 022	(1 745 272)	(18 456 601)
Commercial crops					
Sugar beets	(254 743)	144 458	182 633	(19 377)	(312 295)
Blueberries	(188 296)	11 400	2 167	(19 699)	(198 762)
Cereals	746 827	687 142	501 101	146 463	1 079 331
Cereal grains	309 056	8 809	(987)	37 126	355 978
Strawberries	(323 101)	247 148	162 660	(11 506)	(250 119)
Raspberries	(224 290)	60 068	85 704	(20 914)	(270 840)
Yellows beans	371 356	49 738	21 490	46 272	445 876
Green beans	140 597	39 765	18 037	18 472	180 797
Legumes	(360 533)	325 800	62 275	296	(96 712)
Grain corn	4 547 652	3 539 313	870 338	864 930	8 081 557
Sweet corn	185 500	118 226	48 802	30 075	284 999
Green peas (Alaska variety, smooth)	265 786	138 019	17 526	43 162	429 441
Green peas, wrinkled	381 994	231 857	119 168	60 403	555 086
Apples (categorized)	(1 811 251)	1 069 719	551 183	(83 875)	(1 376 590)
Apples (uncategorized)	(149 189)	128 638	101 415	(3 030)	(124 996)
Dwarf and semi-dwarf apples trees	23 390	129 452	130 873	13 884	35 853
Potatoes	(3 317 498)	1 734 089	431 148	(211 218)	(2 225 775)
Cigar tobacco	184 622	12 912	2 930	22 378	216 982
Blond tobacco	6 136 435	1 131 412	139 733	803 167	7 931 281
Garden crops					
Sundry vegetables	2 333	92 840	34 668	9 158	69 663
Leaf vegetables	(16 141)	132 455	109 220	9 365	16 459
Fruit	(86 371)	139 237	127 986	2 049	(73 071)
Root vegetables	(42 787)	200 967	190 617	12 174	(20 263)
Hardy vegetables	(145)	5 496	6 933	559	(1 023)
Greenhouse crops					
Cucumbers	1 271	2 135	7 269	156	(3 707)
Lettuce	(6 637)			(708)	(7 345)
Tomatoes	(8 828)	28 032	10 885	2 071	10 390
	$(13 550 550)	$22 441 410	$5 352 549	$857 379	$4 395 690

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FARM INCOME STABILIZATION INSURANCE FUND

BREAKDOWN BY SCHEME

for the fiscal year ended March 31, 1985

	Balance (deficit) at March 31 1984	Premiums and contribution	Indemnities and compensation	Breakdown of Interest on deposits	Balance (deficit) at March 31 1985
Scheme					
Producers of butcher's meat	$(23 651 293)	$24 486 220	$31 282 153	$(348 197)	$(30 795 423)
Producers of potatoes	(9 587 313)	4 725 093	70 000	(378 589)	(5 310 809)
Producers of piglets	7 195 695	8 673 360	29 558 647	159 830	(13 529 762)
Producers of grain corn	(15 329 623)	6 670 587	(6 820)	400 232	(8 251 984)
Producers of cereal crops	(915 973)	1 822 454	810 908	242 356	337 929
Producers of grain-fed calves	(3 711 165)	3 782 568	5 004 553	(166 180)	(5 099 330)
Producers of sugar beets	(6 131 230)	3 781 307	6 175 207	(886 453)	(9 411 583)
Pork producers	(40 525 829)	32 627 514	18 370 469	(1 486 494)	(27 755 278)
Lamb producers	(4 328 987)	2 387 263	3 978 647	(245 362)	(6 165 733)
	$(96 985 718)	$88 956 366	$95 243 764	$(2 708 857)	$(105 981 973)

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

R.S.Q., c. A-30

AUDITOR'S REPORT

I have examined the balance sheet of the insurance funds administered by the Régie des assurances agricoles du Québec at March 31, 1985 as well as the statement of revenue, expenditure and deficit of the Crop Insurance Fund and the statement of revenue, expenditure and deficit of the Farm Income Stabilization Insurance Fund for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

Im my opinion, these statements accurately pesent the financial position of the insurance funds administered by the Régie at March 31, 1985 and the results of their operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 10, 1985

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

OPERATING FUND

BALANCE SHEET
as at October 31, 1984

	1984	1983
ASSETS		
Cash	$206 419	$129 415
Accounts receivable	821 057	1 190 415
Inventories	554 920	549 577
Prepaid expenses	183 463	153 995
Fixed assets, at amortized cost (Note 6)	8 188 948	5 861 166
	$9 954 807	$7 884 568
LIABILITIES		
Current borrowings	$3 600 000	$1 550 000
Accounts payable and commitments	3 567 804	6 165 441
Owed the Construction Fund	31 967	22 266
Deferred revenue	978 707	1 003 113
	8 178 478	8 740 820
SURPLUS (DEFICIT)	1 776 329	(856 252)
	$9 954 807	$7 884 568

The accompanaying notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Jean Deschamps, Director
André Tétreault, Director

RÉGIE DES INSTALLATIONS OLYMPIQUES

OPERATING FUND

RESULTS
for the fiscal year ended October 31, 1984

	1984	1983
REVENUE		
Sports facilities:		
Rental income and entrance fees	$4 972 828	$4 994 543
Parking	1 313 280	1 261 271
Apartments, commercial and office space:		
Rental income and parking	8 778 801	7 896 979
Fees — food concessions	1 061 423	1 308 979
Restaurants	1 351 554	1 661 821
Advertising	1 128 266	1 001 726
Energy costs recovered from third parties	675 634	632 095
Work and services invoiced to tenants	825 748	561 170
Tours and souvenirs	379 735	437 238
Other	357 896	315 656
	20 845 165	20 071 478
EXPENDITURE		
Remuneration — regular employees	6 563 402	6 222 805
Remuneration — casual employees	1 426 642	1 563 280
Fringe benefits	680 109	641 899
Service contracts	5 663 584	5 666 068
Materials and equipment rental	1 502 225	1 584 991
Food and beverage for restaurants	495 691	586 575
Energy, heat, light and air conditioning	3 706 779	3 948 025
Insurance, taxes and servitudes	769 088	789 877
Royalties and fees	207 544	329 294
Depreciation of fixed assets	1 874 371	1 407 018
Interest on current borrowings	681 355	397 246
Tickets for resale	380 509	364 787
Printing, stationery, telephone and messenger services	539 464	552 684
Advertising	265 164	254 762
Other	529 567	384 449
	25 285 494	24 693 760
Less: Expenses charged to the Construction Fund	637 894	714 238
	24 647 600	23 979 522
OPERATING DEFICIT	(3 802 435)	(3 908 044)
EXTRAORDINARY REVENUE AND (EXPENDITURE)		
Proceeds of claims (Note 4)	675 483	72 256
Major repairs	(473 722)	(314 991)
Interest paid in settlement of litigation (Note 5)	(668 745)	
	(466 984)	(242 735)
TOTAL DEFICIT	(4 269 419)	(4 150 779)
PROVINCIAL GOVERNMENT GRANT	6 902 000	5 377 900
NET SURPLUS AT YEAR-END	$2 632 581	$1 227 121

The accompanying notes are an integral part of the financial statements.

SURPLUS
for the fiscal year ended October 31, 1984

	1984	1983
DEFICIT AT THE BEGINNING		
Balance carried forward	$447 379	$1 957 917
Retroactive adjustment (Note 2)	408 873	125 456
Adjusted balance	856 252	2 083 373
NET SURPLUS FOR THE YEAR	2 632 581	1 227 121
DEFICIT AT YEAR-END	$1 776 329	$(856 252)

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

OPERATING FUND

NOTES TO FINANCIAL STATEMENTS
at October 31, 1984

1. Legal status and scope of activity

The Régie des installations olympiques, a corporation created under the Act respecting the Régie des installations olympiques, is an agent of the Government.

The Régie has been made responsible for operating the Olympic Village and the facilities on site as well as the Centre Paul Sauvé.

The Régie must first use its revenue for operations, then for paying off loans, advances or other commitments made in connection with Olympic installations. Once these debts have been acquitted, Olympic Park facilities become the property of the City of Montréal.

2. Changes in accounting practice

In previous years, the cost of certain major repairs to the installations were capitalized as fixed assets and depreciated over a period of five years. In 1984, the Régie, following discussions with its auditors, decided to charges these costs to operating expenses for the year in which they were incurred. The new accounting practice is consistent with standard accounting principles. The change was made retroactive to previous fiscal years, and has affected the financial statements as follows:

Decrease in surplus at October 31, 1982	$125 456
Increase in operating expenditures for fiscal 1982-1983, in view of the decrease in depreciation expenditure	283 417
Increase in the deficit at October 31, 1983	408 873
Increase in operating expenditures for fiscal 1983-1984, in view of the decrease in depreciation expenditure	403 369
Decrease in surplus at October 31, 1984	$812 242

3. Accounting policies

Expenditure charged to the Construction Fund:

The Régie charges to the Construction Fund all direct and indirect administrative costs relating to the completion of facilities and the settlement of pre-Olympic accounts.

Income tax:

As an agent of the Government, the Régie is not subject to corporate income tax.

Claims:

The Régie records claims against third parties at the time of settlement.

Inventories:

Inventories are recorded at the lesser of average cost and net realization value.

Fixed assets:

Fixed assets acquired for operations are shown at cost of acquisition and depreciation is charged according to the straight-line method.

Equipment and household appliances	10% and 20%
Outdoor electronic billboards	10%
Leasehold and specific improvements	length of lease in the case of space rental and 20% in other cases
Synthetic covering — Stadium	12,5%
Rolling stock	26⅓%

Commitments:

The Régie records the cost of goods and services upon of the purchase order.

4. Proceeds of claims

Proceeds of claims include an amount of $533 830 repesenting settlement of part of the claims pressed against the Régie's insurers relative to losses suffered during a boxing event held at the installations.

5. Settlement of litigation with the City of Montréal

In 1983, the Régie had set up an allowance of $2 340 000 for the contingent payment of rent for the period from May 1, 1977 to October 31, 1983, claimed by the City of Montréal under an act of easement of occupancy and usage of land located at the Olympic Village.

During 1984, the Régie paid this amount to the City of Montréal as well as interest for an amount of $688 745, roughly $800 000 less than the amount claimed.

6. Fixed assets

	1984			1983
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	$4 527 811	$3 300 826	$1 226 985	$1 125 649
Household appliances	1 317 118	1 317 118		182 605
Outdoor electronic billboards	1 239 227	175 853	1 063 374	1 194 405
Leasehold and specific improvements	5 606 478	2 559 946	3 046 532	2 300 780
Synthetic covering — Stadium	1 931 699	241 463	1 690 236	
Rolling stock	216 475	126 914	89 561	122 790
Projects under way	1 072 260		1 072 260	934 937
	$15 911 068	$7 722 120	$8 188 948	$5 861 166

7. Comparative figures

Certain data from the previous fiscal year were reclassified for purposes of comparison with the current presentation.

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

OPERATING FUND

AUDITOR'S REPORT

To the minister responsible for the
Régie des installations olympiques

We have examined the balance sheet of the Operating Fund of the Régie des installations olympiques at October 31, 1984 as well as the statement of results and deficit for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Régie's Operating Fund at October 31, 1984 as well as the results of its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year, allowing for the retroactive application of the change in the method of recording the cost of major repairs mentioned in Note 2 of the financial statements.

Raymond, Chabot, Martin, Paré & Associés,
Chartered Accountants

Montréal, December 14, 1984

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

CONSTRUCTION FUND

BALANCE SHEET
as at October 31, 1984

	1984	1983
ASSETS		
Construction cost of facilities	$1 067 312 901	$1 067 313 614
Interest on long-term borrowings, capitalized	16 160 455	16 160 455
	1 083 473 356	1 083 474 069
Contributions received (Note 4)	(535 128 138)	(498 458 138)
	548 345 218	585 015 931
Other assets:		
Cash	158 755	157 022
Accounts receivable	19 075	250
Advance to the Operating Fund	31 967	22 266
Prepaid expenses	3 290	2 443
Accrued interest to be assumed by the Special Olympic Fund during the coming fiscal year	16 114 170	14 322 282
	16 327 257	14 504 263
	$564 672 475	$599 520 194
LIABILITIES		
Long-term debt (Note 5)	$519 627 248	$559 627 248
Current borrowings	12 250 000	
Accounts payable and commitments (Note 6)	16 601 593	25 570 664
Accrued interest	79 464	
	16 114 170	14 322 282
	$564 672 475	$599 520 194

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Jean Deschamps, Director
André Tétreault, Director

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CONSTRUCTION COST OF FACILITIES
for the fiscal year ended October 31, 1984

	1984			1983
	Cost	Provision for Settlement of Claims (Note 6)	Total	Total
OLYMPIC PARK:				
Balance at the beginning	$946 934 098	$20 770 137	$967 704 235	$964 987 136
Construction costs for the year	5 074 384		5 074 384	3 388 322
Accounts settled from the provision	3 383 755	(3 383 755)		
in the provision		(7 578 662)	(7 578 662)	(661 166)
Claims affecting cash flow				(10 057)
Balance at year-end	955 392 237	9 807 720	965 199 957	967 704 235
OLYMPIC VILLAGE:				
Balance at the beginning	97 383 921	2 225 458	99 609 379	99 086 848
Construction costs for the year	1 381 065		1 381 065	298 994
Accounts settled from the provision	2 500	(2 500)		
Increase in the provision		1 122 500	1 122 500	223 537
Balance at year-end	98 767 486	3 345 458	102 112 944	99 609 379
	$1 054 159 723	$13 153 178	$1 067 312 901	$1 067 313 614

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended October 31, 1984

	1984	1983
CASH POSITION AT THE BEGINNING	$157 022	$5 585
SOURCE OF FUNDS		
Current borrowings (net)	12 250 000	
Contributions received:		
Special Olympic Fund	36 670 000	36 739 040
COJO		3 042 596
Sale of fixed assets	79 464	76 090
Net change in other assets and liabilities	(29 373)	373 195
	48 970 091	40 230 921
APPLICATION OF FUNDS		
Payment on long-term debt from Special Olympic Fund and short-term borrowings	40 000 000	
Net payment on current borrowings from Special Olympic Fund contributions		32 200 000
Outlay on construction		
From the Special Olympic Fund contribution		4 539 040
From COJO contribution		3 042 596
From change in other assets	8 968 358	221 758
Proceeds from the sale of fixed assets transferred to the Special Olympic Fund		76 090
	48 968 358	40 079 484
INCREASE IN CASH POSITION	1 733	151 437
CASH POSITION AT YEAR-END	$158 755	$157 022

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS
at October 31, 1984

1. Legal status and scope of activity

The Régie des installations olympiques, a corporation acting as agent of the Government, is sole proprietor of moveable and fixed facilities erected for the Games of the XXI Olympiad, the Olympic Village and the Centre Paul-Sauvé and was given responsibility for completing construction and operating the facilities.

The Régie must first use its revenue for operations then for paying off loans, advances or other commitments made in connection with Olympic installations. Once these debts have been acquitted, Olympic Park facilities become the property of the City of Montréal.

2. Associated organization

The Special Olympic Fund was created under an act passed by the Government. The Fund was formed to handle the special tax on tobacco collected by the Minister of Revenue, net Loto Canada receipts destined for Québec as well as proceeds from the disposal of Régie assets held by its Construction Fund.

Entrusted to the Minister of Finance for management on behalf of the Régie, this special fund is used solely for the repayment of loans contracted by the Régie, interest on such borrowings and for covering the cost of completing Olympic facilities.

3. Main accounting policies

Construction cost of facilities

Except for the land on which the Olympic installations were erected and the facilities of the Centre Paul-Sauvé, the item includes the cost of construction, administration and financing, as well as all long-term debt issue charges. The cost of various equipment and tools used in the erection of facilities also forms part of their construction cost.

Sale of assets

Upon the sale of assets posted to the Construction Fund, their cost and corresponding contribution are not written off the books, yet the proceeds are paid to the Special Olympic Fund under the Act governing that fund.

Contributions received

The Régie's policy is to deduct construction costs of the Olympic Park and Village installations from contributions received, rather than from operating revenue.

Contributions received includes not only that from associated organizations but also the amount from the Special Olympic Fund for debt reimbursement.

Contributions received do not include the cost of interest on the long-term debt and short-term borrowings, or any additional disbursements which may result from interest rate fluctuations during the repayment of foreign currency borrowings which are assumed directly by the Fonds spécial olympique.

Foreign exchange conversion:

Construction Fund long-term debt includes a loan payable in U.S. currency, recorded according to its Canadian equivalent at the time the borrowing took place in 1976, even though it was refinanced during fiscal years ended October 31, 1978, 1979 and 1982.

Expenditure charged to the Construction Fund

The Régie charges to the Construction Fund all direct and indirect administrative cost relating to the completion of facilities and the settlement of pre-Olympic accounts.

Claims:

The Régie records claims against third parties at the time of settlement.

Commitments payable:

The Régie records the cost of goods and services upon issue of the purchase order.

4. Contributions received

	1984	1983
Special Olympic Fund contribution		
Applied to the construction cost of facilities	$37 600 277	$37 600 277
Applied to payment on the debt	235 516 778	198 846 778
	273 117 055	236 447 055
COJO contribution:		
Applied to Olympic Park	113 871 992	113 871 992
Applied to the Olympic Village	77 490 000	77 490 000
	191 361 992	191 361 992
City of Montréal contribution:		
Applied to Olympic Park	70 649 091	70 649 091
	$535 128 138	$498 458 138

5. Long-term debt

	1984	1983
Notes, payable in U.S. currency, at 3/8% over the LIBOR rate through July 15, 1987 and 1/2% annually over that rate thereafter, payable quarterly, semi-annually or annually, at the option of the Régie, payable by semi-annual installments of $27 663 634 beginning July 16, 1996, due July 16, 1992 (a)	$359 627 248	$359 627 248
Bonds, bearing the prime rate of interest, payable quarterly, maturing march 31, 2000	60 000 000	100 000 000
Notes, at 1/4% below prime, payable semi-annually, due April 15, 1990	50 000 000	50 000 000
Bonds, at 1/4% below prime, payable semi-annually, due December 1, 1991	50 000 000	50 000 000
	$519 627 248	$559 627 248

All notes and bonds are guaranteed by the Province of Québec.

(a) Had these notes, with a par value of $360 000 000 in U.S. currency, been converted into Canadian dollars at the market rate of exchange for the date of the balance sheet, rather than at the rate at the time of borrowing, an additional liability of $113 556 000 ($84 072 000 in 1983) would be shown on the books.

Annual capital payments on long-term debt over the next five fiscal years detail as follows:

1985	—
1986	$27 663 634
1987	55 327 269
1988	55 327 269
1989	55 327 269

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS (cont'd)
at October 31, 1984

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6. Accounts payable and commitments

	1984	1983
Accounts and commitments payable	$3 448 415	$2 575 089
Provision for the settlement of outstanding claims	13 153 178	22 995 595
	$16 601 593	$25 570 684

7. Contingent liability

The complexity and extent of operations recquired for building the Olympic Park and Village make it difficult to give a precise estimate of contingent liabilities.

Many lawsuits and claims, both by and against the Régie, have been filed and are likely to arise. Unsettled claims and suits against the Régie total about $64 million at October 31, 1984 ($78 million in 1983). Upon examination, the current provision of $13 153 178 should prove sufficient to cover all claims. Any difference between the amount actually paid and the provision will be posted to the cost of Olympic facilities.

N.B. The audited financial statements at March 31, 1985 of the Special Olympic Fund may be found in volume 1 of the 1984-1985 Public Accounts "Financial Statements", pp. 55-58.

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

CONSTRUCTION FUND

AUDITOR'S REPORT

To the minister responsible for the
Régie des installations Olympiques

We have examined the balance sheet of the Construction Fund of the Régie des installations olympiques at October 31, 1984 as well as the statement of change in financial position and that of the construction cost of facilities for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Régie's Construction Fund at October 31, 1984 as well as the change in financial position and the construction cost of facilities for the fiscal year then ended according to the accounting policies in Note 3, applied on a basis consistent with that of the previous year.

Raymond, Chabot, Martin, Paré & Associés,
Chartered Accountants

Montréal, December 14, 1984

RÉGIE DES RENTES DU QUÉBEC

R.S.Q., c. R-9 and amendments

QUEBEC PENSION PLAN ACCOUNT

as at March 31, 1985

(in thousands of dollars)

	1985	1984
ASSETS		
Accounts receivable	1 905	1 808
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Participation deposits (Note 3)	9 990 775	9 321 124
Demand deposits	853	11 221
Term deposits	45 000	89 000
Earnings receivable	263 291	244 603
	10 299 919	9 665 948
	10 301 824	9 667 756
LIABILITIES		
Outstanding cheques less cash	33 230	29 064
Accounts payable	10 847	9 134
Contributions payable to the ministère du Revenu	1 860	4 822
	45 937	43 020
ACCOUNT BALANCE (Notes 4 & 5)	10 255 887	9 624 736
ACCOUNT CHANGE DURING THE YEAR		
Balance at the beginning	9 624 736	8 806 431
Surplus revenue over expenditure for the year	631 151	818 305
Balance at year-end	10 255 887	9 624 736

On behalf of the Board of Directors,

Lyse Goyette
Claude Legault

QUEBEC PENSION PLAN ACCOUNT OPERATIONS

for the fiscal year ended March 31, 1985

(in thousands of dollars)

	1985	1984
REVENUE		
Plan contributions	1 259 700	1 183 630
Earnings of deposits with the Caisse de dépôt et placement du Québec	1 059 482	974 537
Interest on bank deposits	348	269
	2 319 530	2 158 436
PENSIONS AND BENEFITS PAID		
Retirement pensions	933 383	726 905
Surviving spouses' pensions	417 884	335 094
Orphans' pensions	15 282	15 424
Disability pensions	221 976	171 828
Pensions to disabled contributors' children	5 719	5 018
Death benefits	32 471	27 525
	1 626 715	1 281 794
REPAYMENT OF SOCIAL AID BENEFITS TO THE MINISTÈRE DE LA MAIN-D'OEUVRE ET DE LA SÉCURITÉ DU REVENUE	10 581	10 898
	1 637 296	1 292 692
SURPLUS REVENUE OVER PENSIONS AID BENEFITS	682 234	865 744
ADMINISTRATIVE EXPENSES (Note 6)	51 083	47 439
SURPLUS REVENUE OVER EXPENDITURE FOR THE YEAR	631 151	818 305

RÉGIE DES RENTES DU QUÉBEC

QUEBEC PENSION PLAN ACCOUNT

NOTES TO FINANCIAL STATEMENTS
March 31, 1985

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1. Constitution and mandate

The Régie was constituted in July 1965 as a corporation by the Act respecting the Québec Pension Plan (R.S.Q., c. R-9 and amendments).

The Régie is charged with administering the Act as well as the Act respecting Supplemental Pension Plans; it is also responsible for administering the Family Allowances Act.

The Québec Pension Plan provides workers and their dependents with basic protection against loss of income following retirement, disability and death.

The financial statements presented here are exclusively those of the Régie as administrator of the Québec Pension Plan; other plans are covered in separate reports.

2. Accounting policies

Accounting method

The Régie records Québec Pension Plan account operations using a combination of the accrual and cash methods.

Deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost of acquisition. The Régie's share in the profit or loss on the sale of General Fund securities does not go toward determining Plan assets nor revenue and expenditure, considering that when withdrawn the deposits remain payable upon notice, based on the realization value of General Fund net equity and the terms of Caisse by-laws.

QPP contributions

Revenue from Plan contributions is comprised of amounts collected by the ministère du Revenu during the year as premiums, penalties and interest for current and prior years, except in the case of that collected during March and remitted in April by agents of the department.

Payment of this revenue is subject to auditing and adjustment. Any adjustments required are charged against current contributions.

Revenue from participation deposits

Assigned by the Caisse de dépôt et placement du Québec, such revenue is recorded when earned.

Pensions and benefits

These are recorded upon payment.

Administrative expenses

The acquisition of equipment is charged to operations.

3. Participation deposits

These deposits are represented by 12 414 581 (1984: 11 585 614) participation units in the General Fund of the Caisse de dépôt et placement du Québec. At March 31, 1985, the market value of these units stood at $10 571 760 596, or $851.56 per unit. At March 31, 1984, the corresponding values were $9 189 013 888 or $793.14 per unit. The Régie des rentes held 80.5 % and 82.2 % of the outstanding participation units of the General Fund of the Caisse de dépôt et placement du Québec on these respective dates.

4. Québec Pension Plan account balance

The account balance represents the funds available at March 31, 1985 for the payment of pensions and benefits and the reimbursement of Social Aid benefits to the ministère de la Main-d'oeuvre et de la Sécurité du revenu. It does not take into account the actual value of Plan commitments to date. In this respect, sections 216 and 217 of the Act respecting the Québec Pension Plan call for the preparation of actuarial reports every five years on the state of the account as well as special actuarial analyses when legislation proposed before the National Assembly would have the effect of altering the Plan. These analyses, which the Minister of Manpower and Income Security is required to table forthwith in the National Assembly, must provide an estimate of Québec Pension Plan revenue and expenditure for the coming 30 years and a study of the long-term effect on the accumulated reserve. The fourth five-year actuarial report prescribed by section 216 of the Act was tabled in March 1984. The analysis was dated December 31, 1982, a year earlier than prescribed.

5. Plan financing

When the Québec Pension Plan was founded, the premium rate paid by employers and employees on an equal basis was set at 3.6 % of pensionable earnings. More than sufficient to cover the payment of benefits and administrative expenses during the early years, it has led to the accumulation of $10.3 billion of net assets at March 31, 1985. On the other hand, from the very beginning, it was clear the 3.6 % rate would not always generate enough revenue to meet outlays and that the inflow of funds would have to be increased during the 1980s. Actuarial reports published since the Plan's inception confirm this.

According to the last regular actuarial report dated December 31, 1982, if the premium rate were maintained at 3.6 %, funds accumulated since 1966 and invested will gradually have to be liquidated between 1991 and 1999.

6. Administrative expenses

	1985	1984
Ministère du Revenu fees for collecting contributions	$18 836 968	$17 401 025
Wages, salaries and fringe benefits	20 039 762	18 684 729
Transportation and communications	3 458 335	3 251 425
Professional and administative services	3 130 455	2 475 956
Maintenance and repairs	590 155	523 258
Rent	1 838 934	1 859 498
Supplies	727 960	583 362
Equipment	1 881 863	2 156 735
Bank charges	446 026	402 181
Other	91 412	94 562
Bad debts	41 564	6 561*
	$51 083 434	$47 439 292

* Expense for fiscal 1983-1984 after deduction of the $26 658 adjustment to correct the overvalued 1982-1983 allowance.

RÉGIE DES RENTES DU QUÉBEC

R.S.Q., c. R-9 and amendents

QUEBEC PENSION PLAN ACCOUNT
AUDITOR'S REPORT

I have examined the Québec Pension Plan account at March 31, 1985 and the statement of its operations for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the Québec Pension Plan account at March 31, 1985 and its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

As mentioned in Notes 4 and 5, these financial statements are not intended to prove that the Québec Pension Plan account balance is sufficient in actuarial terms to meet its commitments.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 23, 1985

RÉGIE DES RENTES DU QUÉBEC

SUPPLEMENTAL PENSION PLANS
R.S.Q., c. R-17

ASSETS AND LIABILITIES
as at March 31, 1985

	1985	1984
ASSETS		
Cash	$89 037	$26 680
Government of Québec	64 845	35 358
	$153 882	$62 038
LIABILITIES		
Québec Pension Plan account	$153 882	$62 038
	$153 882	$62 038

On behalf of the Board of Directors,

Lyse Goyette
Claude Legault

RÉGIE DES RENTES DU QUÉBEC

SUPPLEMENTAL PENSION PLANS

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Fees	$1 283 906	$1 215 048
Fines	400	200
	1 284 306	1 215 248
ADMINISTRATIVE EXPENDITURE		
Wages, salaries and fringe benefits	1 829 348	1 967 749
Transportation and communications	115 324	104 282
Professional services	301 950	204 344
Maintenance and repairs	12 167	21 446
Rent	160 292	157 426
Supplies	33 824	23 157
Equipment	45 908	17 518
Other	26 840	36 786
	2 525 653	2 532 708
SURPLUS EXPENDITURE OVER REVENUE ASSUMED BY THE GOVERNMENT	$1 241 347	$1 317 460

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Régie mandate

Under the Act respecting supplemental pension plans, the Régie is assigned responsibility for, among other things, setting standards for the administration, solvency and investments of supplemental pension plans, establishing provisions to project workers' rights, supervising plans to ensure they comply with prescribed standards and encouraging the creation of supplemental plans and the upgrading of existing ones.

2. Accounting policies

Revenue from fees and fines is recorded on a cash basis while administrative charges are posted when incurred.

RÉGIE DES RENTES DU QUÉBEC

SUPPLEMENTAL PENSION PLANS
R.S.Q., c. R-17
AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the fund for administering the Act respecting supplemental pension plans at March 31, 1985 as well as that of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the statements accurately present the assets and liabilities of the fund at March 31, 1985 as well as revenue and expenditure for administering the Act during the fiscal year then ended according to the accounting principles in Note 2, applied on a basis consistent with that of the previous year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 23, 1985

SIDBEC

R.S.Q., c. E-14

CONSOLIDATED BALANCE SHEET

as at december 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
CURRENT ASSETS		
Accounts receivable	72 232	67 567
Inventories (Note 3)	140 461	130 920
Prepaid expenses	411	691
	213 104	199 178
JOINT-VENTURE INVESTMENT, at equity value (Note 4)	8 487	113 163
FIXED ASSETS (Note 5)		
At cost	551 105	535 045
Accumulated depreciation	244 679	218 700
	306 426	316 345
OTHER ITEMS		
Discount and issue charges on borrowings	609	742
Deferred charges	341	231
Other	267	337
	1 217	1 310
	529 234	629 996

On behalf of the Board of Directors,

John Leboutillier
Robert Desprès

SIDBEC

R.S.Q., c. E-14

CONSOLIDATED BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft and indebtedness (Note 6)	32 947	25 746
Accounts payable and accrued charges	45 046	41 212
Owed to joint venture	28 359	15 832
Payments on long-term debt	8 316	31 026
	114 668	113 816
LONG-TERM DEBT (Note 7)	27 336	33 589
DEBT GUARANTEED BY SHAREHOLDER (Note 8)	620 556	406 750
OWED TO SHAREHOLDER (Note 9)	38 549	
SHAREHOLDER EQUITY (DEFICIT)		
Capital stock		
Authorized:		
56 500 000 deferred dividend shares, $10 par value		
56 500 000 common shares, $10 par value		
Issued and paid-up:		
56 433 435 deferred dividend shares	564 334	564 334
CONTRIBUTED SURPLUS		51 797
DEFICIT OF CONTINUING ACTIVITY SECTORS	(238 157)	(255 129)
	326 177	361 002
DEFICIT OF TERMINATED ACTIVITY SECTORS	(598 052)	(285 161)
	(271 875)	75 841
	529 234	629 996

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED CONTRIBUTED SURPLUS

for the fiscal year ended December 31
(in thousands of dollars)

	1984		1983	
	Continued activities	Terminated activities (Note 4)	Continued activities	Terminated activities (Note 4)
BALANCE AT THE BEGINNING	51 797		51 797	
Contributed by the Government of Québec for terminated mining activities		98 000		
	51 797	98 000	51 797	
Transfer to the deficit (Note 10)	51 797	98 000		
BALANCE AT YEAR-END	—	—	51 797	—

CONSOLIDATED DEFICIT

for the fiscal year ended December 31
(in thousands of dollars)

	1984		1983	
	Continued activities	Terminated activities (Note 4)	Continued activities	Terminated activities (Note 4)
BALANCE AT THE BEGINNING	255 129	285 161	228 127	218 455
Net loss	34 825	410 891	27 002	66 706
	289 954	696 052	255 129	285 161
Appropriation of contributed surplus to reduce the deficit (Note 10)	(51 797)	(98 000)		
BALANCE AT YEAR-END	238 157	598 052	255 129	285 161

The Notes are an integral part of the consolidated financial statements.

SIDBEC

CONSOLIDATED RESULTS

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984		1983	
	Continued activities	Terminated activities (Note 4)	Continued activities	Terminated activities (Note 4)
SALES	475 952	18 795	380 139	23 484
EXPENDITURE				
Cost of merchandise sold, excluding related penalty and depreciation	427 466	29 146	340 627	59 644
Penalty paid to joint venture		32 933		28 941
Sales and administrative expenses	21 506	519	16 259	348
Interest on long-term debt (Note 8)	28 040	3 686	22 528	4 620
Other interest	2 972	43	2 375	3 432
Depreciation on fixed assets	26 753	9	25 272	4
Amortization of other charges	171	121	80	92
	506 908	66 457	407 141	97 081
LOSS before share of joint venture net loss (profit) and extraordinary items	30 956	47 662	27 002	73 597
Share of joint venture net loss (profit)		19 934		(6 891)
LOSS before extraordinary items	30 956	67 596	27 002	66 706
Extraordinary items				
Loss resulting from plant shutdown	3 869			
Loss resulting from termination of activities (Note 4)		343 295		
	3 869	343 295		
NET LOSS	34 825	410 891	27 002	66 706

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984		1983	
	Continued activities	Terminated activities (Note 4)	Continued activities	Terminated activities (Note 4)
SOURCE OF FUNDS				
Proceeds from the sale of fixed assets	194		120	
Long-term borrowings	76 385	197 570	47 511	252 489
Other		98 000		
	76 579	295 570	47 631	252 489
APPLICATION OF FUNDS				
Loss before extraordinary items	30 956	67 596	27 002	66 706
Items not affecting funds:				
(Gain) loss on sale of fixed assets	152		(21)	
Depreciation on fixed assets	(26 753)	(9)	(25 272)	(4)
Amortization of other charges	(171)	(121)	(80)	(92)
Gain on other items			59	
Share of net profit (loss) excluding change in unrealized gain on inventories of joint venture Sidbec-Normines Inc.		(19 934)		5 691
Discount on interim loan				(1 443)
Funds used for operations	4 184	47 532	1 688	70 858
Loss resulting from shutdown	3 869			
Acquisition of fixed assets	16 885		7 621	
Increase in other items	199		738	
Payments on long-term liability	7 843	20 000	3 677	
Joint-venture advance		258 553		4 879
Net decrease in the provision for pension plans	10		25	
	32 990	326 085	13 749	75 737
INCREASE (DECREASE) IN FUNDS	43 589	(30 515)	33 882	176 752
WORKING CAPITAL (DEFICIT) AT THE BEGINNING				
Initial balance	54 847	10 515	20 965	(146 237)
Long-term presentation of bank loans not repayable from working capital		20 000		
Adjusted balance	54 847	30 515	20 965	(146 237)
WORKING CAPITAL AT YEAR-END	98 436	—	54 847	30 515

The accompanying notes are an integral part of the consolidated financial statements.

SIDBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Legal status and scope of activity

Incorporated under the Québec Companies Act and in certain aspects governed by a special act, Sidbec owns enterprises operating steel making facilities.

2. Accounting policies

Consolidation:

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

Inventories:

Semi-processed and finished goods are recorded at the lesser of average cost and net realization value.

Raw materials are recorded at the lesser of cost, replacement cost and net realization value, with cost established according to the method of successive depletion.

Supplies are recorded at the lesser of average and replacement cost.

Fixed assets:

The fixed assets of the Company and its wholly owned subsidiaries are shown at initial cost and depreciated on the basis of their estimated useful life according to the straight-line method at the following annual rates:

Development sites	4%
Buildings	2½% to 5%
Equipment and machinery	4% to 20%
Rolling stock	4% to 25%
Furniture and fixtures	10%
Other	5% to 8%

Other items:

Discount and issuance expenses on borrowings are amortized using the straight line method over the term of the bank loan, for which the Government of Québec guarantees repayment of principal and payment of interest.

Deferred expenses are amortized over a period of five to ten years, and other items are shown at cost.

Pension plans

Pension costs include contributions to employees and government pension funds for current service as well as interest and amortization of the unfunded cost of past service.

Translation of foreign currencies

Accounts in foreign currencies are translated into Canadian dollars using the temporal method, as follows:

— Asset and liability money items and the long-term debt are translated at the rate of exchange in effect on the date of the balance sheet.

— Fixed assets, sales and expenditures are translated at the rate of exchange in effect on the dates of the transactions.

3. Inventories

	1984 (in thousands of dollars)	1983 (in thousands of dollars)
Semi-processed and finished goods	92 722	103 840
Raw materials and supplies	47 739	27 080
	140 461	130 920

4. Investment in a joint venture

The balance sheet and the statement of results and deficit of the joint venture for the fiscal year ended December 31, 1984 are summarized below.

BALANCE SHEET

	Total	Company's share
	1984 (in thousands of dollars)	1984 (in thousands of dollars)
Assets		
Current assets	44 475	22 282
Fixed assets	329	165
Other items	20 104	10 072
	64 908	32 519
Liabilities and shareholders' equity		
Current liabilities	514 618	272 206
Capital stock	220 515	110 478
Contributed surplus	23 012	14 021
Deficit	(693 237)	(364 186)
	64 908	32 519

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

4. Investment in a joint venture (cont'd)

RESULTS AND DEFICIT

	Total 1984 (in thousands of dollars)	Company's share 1984 (in thousands of dollars)
Sales	233 001	116 733
Expenditure		
Cost of goods sold, excluding associated depreciation	195 457	97 924
Selling and administration costs	5 339	2 675
Interest on long-term debt	45 677	22 884
Other interest	762	382
Loss on foreign exchange	6 661	3 337
Depreciation of fixed assets and other items	21 217	10 630
	275 113	137 832
Other revenue — interest	2 149	1 077
	272 964	136 755
LOSS before extraordinary items	39 963	20 022
Extraordinary items		
Expenditures and write-offs following the decision to cease mining operations and to rent the installations at Port-Cartier:		
Write-off of current items	2 152	1 078
Write-off of fixed assets	478 752	256 729
Write-off of other asset items	6 196	3 104
Allowance for shut-down, compensation and residual costs	58 882	29 500
Loss on foreign exchange	73 874	37 011
Write-off of deferred mining duties	(10 608)	(5 315)
	609 248	322 107
NET LOSS	649 211	342 129
Opening deficit	44 026	22 057
Closing deficit	693 237	364 186

Activities of the joint venture:

Until December 1984, the joint venture operated an iron ore deposit, a concentrator, an enrichment plant, and a pellet plant. In 1978, the service life of the deposit had been estimated at about 30 years, assuming the installations would operate at their anticipated nominal capacity. Under an agreement among the shareholders and a pellet purchase contract, the pellet purchasers (Sidbec, British Steel Corporation and the Companie minière Québec Cartier (CMQC)) were to purchase, in a proportion equal to their interest in the company's capital stock, the entire pellet output, failing which additional amounts over the sale price and interest-free loans would be demanded.

In October 1984, in view of the economic crisis facing the iron ore industry on the Côte Nord, the joint venture, its shareholders, pellet purchasers and the Government of Québec signed a draft understanding whose major effects are as follows:

— The joint venture ceased its mining operations in December 1984;

— The joint venture will pay the following amounts:

- Reimbursement to CMQC of compensation paid to employees of the mining operations;
- Short and long-term debt of the city of Gagnon;
- All costs involved in shutting down the mining installations;
- A compensation payment to the CMQC and its affiliated companies in return for which these companies will cancel or, as the case may be, waive the rights they held under the Act of sale of the mine, the Agreement of sale of the mine, the electricity Contract, the rail transportation Contract, the storage Contract for pellets and concentrate, the mine management Contract and the suppletive Agreement;

— The joint venture has leased the Port-Cartier installations to the CMQC for a period of fifteen years beginning January 1, 1985, for an annual rent of $1 for the first five years, and for a rent proportional to the CMQC's revenue from the sale of pellets for the rest of the period. The CMQC may, at its sole discretion, terminate the lease after the initial five-year period by giving twelve (12) months advance notice;

— The joint venture will return (a) to the CMQC certain amounts it received from the Government of Québec and (b) to the Government of Québec, beginning in calendar year 1990, the entire amount of the proportional rent received from the CMQC for the Port-Cartier installations, up to the amounts received under (a), plus accrued interest;

— The joint venture will sell to the CMQC its inventories of pellets, spare parts, supplies and additives at the Port-Cartier installations; as payment the CMQC undertakes to return to the joint venture, at the end of the lease, the same volume of inventory or, in the alternative, to pay the then current market value for such usable and comparable inventories.

— The shareholders agreed to all these transactions and undertakings and further undertook to pay or reimburse the joint venture, as contributed capital, the shutdown costs, compensation payments, certain residual costs and costs contingent on the permanent shutdown of the pellet plant, including principal and interest on series "A" and "B" bonds. In addition, the pellet purchasers agreed that any interest-free loans made to the joint venture in regard to the period ending December 31, 1984, would be transferred to contributed surplus. The pellet purchase contract would be cancelled as of December 31, 1984.

Consequently, the joint venture has decided to show its asset items at December 31, 1984 at their probable net realization value; in the absence of more accurate indications as to this value for fixed assets (except the Port-Cartier residences), the joint venture has decided to assess them at a nominal value of $1. All such write-offs, as well as the costs of shutting down the mine, compensation payments and residual costs are shown as extraordinary items in the statement of results.

The joint venture's management has implemented a program to sell off assets that are not included in the lease with CMQC. All proceeds from the sale of such assets will be considered as revenue in the fiscal year in which the amount is received.

The consolidated value of investments is made up of the company's share in the items of the joint venture. It can be broken down as follows:

Assets		$32 519
Less:		
Current liabilities	$272 206	
less the portion assumed by the company:		
Bonds	(225 009)	
Shutdown costs	(23 165)	24 032
		$8 487

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

4. Investment in a joint venture (cont'd)

The extraordinary loss resulting from the joint venture's termination of activities is broken down as follows:

	(in thousands of dollars)
— Share of the joint venture's loss resulting from the termination of its activities	322 107
— Write-off of the undepreciated cost of the following investment items in the joint venture	
• Interest incurred to finance investment during the development period of Sidbec-Normines Inc.	20 508
• Loss on sale of pellets prior to the start of operations at Sidbec-Normines Inc.	680
	343 295

5. Fixed assets

	1984 (in thousands of dollars)		1983 (in thousands of dollars)	
	Cost	Net accounting value	Cost	Net accounting value
Land	6 338	6 338	6 348	6 348
Development sites	8 784	4 159	8 765	4 745
Buildings	107 064	56 830	102 692	57 299
Equipment and machinery	399 671	221 625	397 544	239 878
Rolling stock	3 770	1 391	3 010	824
Furniture and fixtures	5 472	3 382	2 233	400
Other	9 241	1 936	9 351	1 749
Construction in progress	10 765	10 765	5 102	5 102
	551 105	306 426	535 045	316 345

6. Bank overdraft and indebtedness

The Company's bank overdraft and borrowings are secured by inventories and accounts receivable.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

7. Long-term debt

	Current Payments (in thousands of dollars)	1984 (in thousands of dollars)	1983 (in thousands of dollars)
The Company:			
Bank loan at ¼ of 1% over prime, due June 30, 1986, secured by a specific charge of first rank on a building, equipment and machinery with a net book value of $47 030 000 in 1984		25 000	25 000
Its subsidiary Sidbec-Dosco Inc.:			
Sinking fund debentures			
Series "A", 5¾%			3 745
Series "B", 6%, maturing July 15, 1985	3 736	3 736	3 736
Series "C", 5¼%, maturing July 15, 1985 (US $2 000 000 at December 31, 1984)	2 642	2 642	2 567
	6 378	6 378	10 048
Its subsidiary Sidbec-Feruni Inc.:			
Capital leases bearing interest at rates varying between 9.2% and 13.2%, payable in monthly installments, due on different dates through 1990	338	1 771	2 097
	6 716	33 149	37 145
Current payments due less debentures redeemed before maturity		6 716	4 469
		26 433	32 676
Provision for pension plans (Note 11)		903	913
		27 336	33 589

Sidbec-Dosco Inc. assets, other than its capital assets, are subject to a floating charge as security for long-term debt, as are all Sidbec-Feruni Inc. assets. These assets amount to $226 403 000 at December 31, 1984.

Payments on long-term debt according to maturity dates and sinking fund requirements are as follows for the next five years:

	(in thousands of dollars)
1985	6 716
1986	25 371
1987	406
1988	237
1989	272

8. Debt guaranteed by the shareholder

	Current Payments (in thousands of dollars)	1984 (in thousands of dollars)	1983 (in thousands of dollars)
The Government of Québec has guaranteed repayment of principal and payment of interest on the following debts:			
Sinking fund debentures held by the Caisse de dépôt et placement du Québec:			
9¼ %, series "A", maturing December 15, 1990	200	8 450	8 650
8¾ %, series "B", maturing June 15, 1991	200	8 650	8 850
9 %, series "C", maturing September 1, 1991	200	8 650	8 850
10¾ %, series "D", maturing October 1, 1989	1 000	21 000	22 000
10¼ %, series "E", maturing May 15, 1995		30 000	30 000
10¾ %, series "F", maturing February 16, 1996		30 000	30 000

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

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8. Debt guaranteed by the shareholder (cont'd)

	Current payments (in thousands of dollars)	1984 (in thousands of dollars)	1983 (in thousands of dollars)
Bank term loan, at the prime rate until March 31, 1988, at the prime rate plus 1/8 of 1 % for the period from April 1, 1988 to March 31, 1990, at the prime rate plus 1/4 of 1 % from the period from April 1, 1990 to March 31, 1993, repayable in installments of $20 000 000 on March 26 each year until 1993 inclusive.		180 000	200 000
Revolving credit bank loan, at the prime rate, maturing November 30, 1985		110 000	100 000
Bank loan, at the average London inter-bank offer rate plus 1/4 of 1 % ($147 500 000 U.S.), repayable June 28, 1985		194 906	
Bank loan, at the prime rate, repayable June 28, 1985		30 500	
	1 600	622 156	408 350
Current payments, after deducting debentures redeemed in advance		1 600	1 600
		620 556	406 750

Required payments on bank loans have not been shown as current liabilities because the company does not anticipate repaying these loans from working capital.

Payments on sinking fund debentures over the next five fiscal years, based on maturities and sinking fund requirements, are as follows:

	(in thousands of dollars)
1985	1 600
1986	1 600
1987	1 600
1988	1 600
1989	17 600

During the fiscal year, the interest expenditure on the long-term liability of the terminated activities sector was reduced by a $20 798 000 grant ($16 158 000 in 1983) from the ministère de l'Industrie et du Commerce of the Government of Québec to offset interest expense on the bank term loan of $180 000 000.

9. Owed to the shareholder

	1984 (in thousands of dollars)	1983 (in thousands of dollars)
Owed to the shareholder, at the prime rate, repayable in three installments of, respectively, $9 790 000, March 29, 1986, $23 340 000, June 7, 1986 and $5 419 000 October, 19, 1986	38 549	
Owed to the shareholder		24 957
	38 549	24 957
Current payments		24 957
	38 549	–

10. Transfer from contributed surplus to the deficit

In accordance with a Directors' resolution at a meeting held February 25, 1985 and ratified by the shareholder, the deficit of terminated activities was reduced by $98 000 000, and the deficit of continued activities by $51 797 000 by a transfer from contributed surplus.

11. Commitments

Commitments of the Company and its subsidiaries with respect to construction projects and the acquisition of equipment and machinery amount to approximately $17 000 000.

Wholly-owned subsidiaries contribute to various retirement plans for their employees. Studies carried out by consulting actuaries show that the commitments with respect to employee benefits for past service exceed the amount recorded as a liability in the balance sheet by about $17 400 000 for existing benefits at December 31, 1984, and by about $800 000 for benefits which will become effective during 1985. These excesses will be amortized over a period of from five to fifteen years.

12. Results for the previous fiscal year

Certain corresponding figures provided for the previous fiscal year were reclassified in accordance with the presentation adopted for this fiscal year.

SIDBEC

R.S.Q., c. E-14

AUDITOR'S REPORT

Sidbec shareholder:

We have examined the consolidated balance sheet of Sidbec at December 31, 1984 and the consolidated statement of results and contributed surplus, deficit and that of change in financial position for the fiscal year then ended; we obtained all information and explanations requested. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In the light of information and explanations provided and as shown on the books, our view is that these statements accurately present Sidbec's financial situation at December 31, 1984, as well as its operating results and change in financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Raymond, Chabot, Martin, Paré & associés,
Chartered Accountants

Montréal, February 25, 1985

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

BUDGETARY ADMINISTRATION FUND

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
Bank account	$472 581	$734 716
Term deposits	600 000	
Accounts receivable	197 621	91 368
Inventories, at lesser of cost and net realization value	105 842	101 389
Prepaid expenses	173 257	126 683
	$1 549 301	$1 054 156
LIABILITIES		
Accounts payable and accrued charges	$224 960	$108 267
Salaries and fringe benefits payable	478 536	408 333
Commitments	443 521	412 154
Refundable deposits	55 472	61 560
Owed the Capital and Loan Fund	289 071	30 586
Deferred revenue (Note 4)	57 741	33 256
	$1 549 301	$1 054 156

On behalf of the Board of Directors,

Roger Blais
Guy Gagnon

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

BUDGETARY ADMINISTRATION FUND

RESULTS AND ACCUMULATED DEFICIT
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Subsidy from the ministère des Finances — debt settlement		$23 042 409
Subsidy from the ministère des Affaires municipales — debt settlement		5 392 871
Subsidy — ministère des Affaires municipales	$5 117 900	5 000 000
Investment revenue	285 309	
Actuarial surplus — pension plan (Note 3)	39 254	55 934
Sale of land	124 052	462 408
Emphyteutic rents	15 906	6 699
Other	6 950	3 810
	5 589 371	33 964 131
EXPENDITURE		
Deficit from the previous year		25 147 323
Capital spending from revenue of prior years		2 381 506
Wages, salaries and allowances (Note 3)	2 523 142	2 492 089
Transportation and communications	538 083	535 008
Administrative and professional services	278 777	234 318
Maintenance and repairs	29 744	46 306
	2 211	47 779
Rent	256 611	232 122
Supplies	95 810	102 409
Capital expenditure from current revenue	31 312	45 140
Debt servicing		902 503
Surplus expenditure over revenue (revenue over expenditure)		
Tourist and recreational centres (see detail 1)	1 317 455	1 281 233
Real estate rentals (see detail 2)	(33 488)	(9 546)
Gatineau airport (see detail 3)	549 714	525 941
	5 589 371	33 964 131
BALANCE	$—	$—

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

CAPITAL AND LOAN FUND

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
Accounts receivable	$67 000	$300 834
Expropriation indemnity receivable (Note 8 b)	46 969	1 317 533
Prepaid expenses	73 370	69 966
Advances to the Budgetary Administration Fund	289 071	30 586
Capital expenditure from revenue (Note 5)	722 640	671 046
Fixed assets, at cost (Note 6)	46 431 961	46 158 847
	$47 631 011	$48 548 812
LIABILITIES		
Short-term liabilities (Note 7)	$421 984	$467 326
Provision for expropriation indemnities (Note 8 b)		1 197 167
	421 984	1 664 493
EXPENDITURE ON FIXED ASSETS	47 209 027	46 884 319
	$47 631 011	$48 548 812

On behalf of the Board of Directors,

Roger Blais
Guy Gagnon

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

CAPITAL AND LOAN FUND

EXPENDITURE ON FIXED ASSETS

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING	$46 884 319	$2 302 130
Subsidy from the ministère des Finances		
— debt settlement		35 460 600
Subsidy from the ministère des Affaires municipales		
— debt settlement		6 260 954
— current operations	370 000	133 835
Subsidy from the ministère de l'Industrie, du Commerce et du Tourisme		539 231
Capital spending from the Budgetary Administration Fund		
— prior years		2 381 506
— current	51 594	45 140
Cost of land and other assets sold	(96 886)	(239 077)
BALANCE AT YEAR-END	$47 209 027	$46 884 319

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

CAPITAL AND LOAN FUND

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985

	1985	1984
APPLICATION OF FUNDS		
Expenditure of fixed assets:		
Infrastructure, industrial and commercial equipment	$277 100	$835 284
Tourist and recreational facilities	92 900	
Furniture and equipment	23 412	45 140
Vehicles	28 182	
	421 594	880 424
Repayment of ministère des Finances advances		35 460 600
	421 594	36 341 024
SOURCE OF FUNDS		
Subsidy from the ministère des Finances		
— debt settlement		35 460 600
Subsidy from the ministère des Affaires municipales		
— debt settlement		6 260 954
— current operations	370 000	133 835
Subsidy from the ministère de l'Industrie, du Commerce et du Tourisme		539 231
Capital spending from the Budgetary Administration Fund		
— prior years		2 381 506
— current	51 594	45 140
Decrease in the provision for indemnities		150 000
	421 594	44 971 266
INCREASE IN FUNDS		8 630 242
INTERIM FUNDED BALANCE AT THE BEGINNING	54 426	(8 575 816)
BALANCE AT YEAR-END	$54 426	$54 426

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Main accounting policies

Accounting method

Société financial statements were prepared by management according to the fund accounting method so as to comply with restrictions and limits on available resources. Under this method, Société operations are divided among two funds, the Budgetary Administration Fund and the Capital and Loan Fund.

Inventories

Inventories are valued at their average cost.

Commitments

Included under current liabilities are all orders the Société makes to suppliers as well as any amount approved by a board of directors resolution for particular projects though not placed on order by the end of the fiscal year.

Accumulated deficit

The deficit accumulated at the end of a fiscal year is charged to operating results of the Budgetary Administration Fund for the following year.

2. Constitution

The Société d'aménagement de l'Outaouais was constituted under the Act respecting the Communauté régionale de l'Outaouais.

3. Actuarial surplus — pension plan

As pension plan regulations allow, the Société followed the advice of actuarial consultants in not contributing the sum of $39 254 to the plan for fiscal 1985. Expenditure for the year toward the pension plan amounting to $235 716 is included in the item wages, salaries and allowances.

4. Deferred revenue

	1985	1984
Docking fees — Lac Decshênes Marina	$36 573	$33 256
Land sales — Aéroparc Industriel de Gatineau	21 168	
	$57 741	$33 256

The Société d'aménagement de l'Outaouais has undertaken to pay local improvement taxes for land sold in the Aéroparc Industriel de Gatineau until they mature in 1996. To satisfy this commitment, the Société has included in the sale price an amount equal to the present value of the local improvement taxes for the period between the date of sale and 1996. A corresponding liability has therefore also been recorded in the balance sheet and transferred to revenue as payments are made for local improvement taxes in regard to these lands.

5. Capital expenditure from revenue

Furniture and equipment	$509 420	$486 007
Airport facilities	9 274	9 274
Vehicles	203 946	175 765
	$722 640	$671 046

6. Fixed assets

	1985	1984
Infrastructure, industrial and commercial equipment:		
Parc du Pontiac	$900 942	$896 979
Aéroparc industriel de Gatineau	4 678 341	4 496 964
Aéroport régional de Gatineau	9 231 892	9 231 892
CITUF project		2 999
82 rue Front	824 500	824 500
	15 635 675	15 453 334
Tourist and recreation facilities		
Marina du Lac Deschênes	2 960 466	2 950 967
Auberge Symmes	1 064 391	1 064 391
Parc du Lac Lemay	1 790 273	1 778 773
Parc du Lac Beauchamp	2 509 177	2 509 177
Haute-Gatineau tourist centre	1 312 375	1 310 875
Lac Leslie tourist centre	1 981 440	1 981 440
Lac de l'Argile tourist centre	5 929 128	5 919 128
Lac Simon tourist centre	3 806 110	3 787 110
Petite Rouge tourist centre	1 304 499	1 294 499
Lac Gagnon site	1 147 311	1 147 311
Meach Valley site	5 922 719	5 922 719
Frayère Pelissier	70 423	70 423
Atelier Central warehouse	679 454	648 054
Maison Hammond	318 520	320 646
	30 796 286	30 705 513
	$46 431 961	$46 158 847

7. Current liabilities — Capital and Loan Fund

	1985	1984
Bank overdraft	$2 088	$115
Accounts payable	380	3 691
Commitments	408 514	422 072
Contract holdbacks	11 002	41 448
	$421 984	$467 326

8. Contingent liabilities

(a) Expropriation

The Government expropriated land belonging to the Société in the Meach Valley area. No amount has been recorded at March 31, 1985 respecting compensation since neither the amount of land expropriated nor the indemnity receivable is known precisely.

(b) Provision for expropriation indemnities

The provision for expropriation was determined in previous fiscal years on the basis of compensation awarded by court decision and already negotiated for property similar to that for which indemnities have not been settled.

During the fiscal year, some of these expropriations were settled as a result of judgments, and paid from the allowance previously set up. At the end of the fiscal year, some expropriations remain unsettled and the demands presented by the expropriated parties total $1 800 706, including supplementary compensation and interest calculated up to December 31, 1985.

In view of the uncertainty as to the decisions to be handed down, as well as to the final amounts to be paid with respect to these expropriations, no allowance has been recorded under expropriation compensation. When a settlement is finally reached, requests for appropriations will be submitted to the Ministère des Affaires municipales for the amounts involved.

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

ADDITIONAL INFORMATION
for the fiscal year ended March 31, 1985

	1985	1984
Detail 1		
OPERATING RESULTS — TOURIST AND RECREATIONAL CENTRES		
REVENUE	$1 353 476	$1 184 217
EXPENDITURE		
Employee remuneration	1 634 130	1 524 937
Transportation and communications	42 584	36 543
Professional and administrative services	325 812	301 995
Maintenance and repairs	123 573	62 392
Rent	8 521	13 304
Supplies	514 029	526 279
Capital expenditure from revenue	22 282	
	2 670 931	2 465 450
SURPLUS EXPENDITURE OVER REVENUE	$1 317 455	$1 281 233
Detail 2		
OPERATING RESULTS — REAL ESTATE RENTALS		
REVENUE	$143 110	$106 833
EXPENDITURE		
Professional and administrative services	89 525	55 925
Maintenance and repairs	20 051	41 272
Supplies	46	90
	109 622	97 287
SURPLUS REVENUE OVER EXPENDITURE	$(33 488)	$(9 546)
Detail 3		
OPERATING RESULTS — GATINEAU AIRPORT		
REVENUE	$149 879	$90 884
EXPENDITURE		
Employee remuneration	210 220	202 702
Transportation and communications	7 492	11 552
Professional and administrative services	151 017	146 219
Maintenance and repairs	189 835	184 910
Rent	7 249	1 488
Supplies	135 780	69 954
Capital expenditure from revenue (recovery)	(2 000)	
	699 593	616 825
SURPLUS EXPENDITURE OVER REVENUE	$549 714	$525 941

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

AUDITOR'S REPORT

To the Minister of Municipal Affairs:

We have examined the statement of results and accumulated deficit of the Budgetary Administration Fund and the statement of capital expenditure on fixed assets and that of the change in financial position of the Capital and Loan Fund of the Société d'aménagement de l'Outaouais for the fiscal year ended March 31, 1985 as well as the balance sheet of both at that date. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the results of Société operations for the fiscal year ended March 31, 1985 and its financial position on that date according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Maheu Noiseux,
Chartered Accountants

Hull, Québec, June 6, 1985

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

R.S.Q., c. S-9

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash and term deposits		$506 014
Accounts receivable (Note 3)	$272 073	199 683
Work in progress		34 174
Inventories	28 733	36 676
Prepaid expenses	25 113	26 722
	325 919	803 269
INVESTMENT IN A JOINT VENTURE (Note 4)	6 123	10 000
FIXED ASSETS (Note 5)	1 250 024	1 395 829
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 6)	195 045	226 651
	$1 777 111	$2 435 749
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft and outstanding cheques	$88 571	
Bank loan	500 000	$360 000
Accounts payable and accrued charges	155 324	176 953
Payments due within a year		
Long-term debt (Note 7)	185 126	168 667
Commitments under capital lease contracts (Note 8)	81 999	63 075
	1 011 020	768 695
LONG-TERM DEBT (Note 7)	396 595	577 079
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 8)	38 284	120 283
	1 445 899	1 466 057
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 9)		
Authorized, issued and paid-up: 300 000 shares, $10 par value	3 000 000	3 000 000
DEFICIT	2 668 788	2 030 308
	331 212	969 692
	$1 777 111	$2 435 749

CONTINGENT LIABILITY (Note 14)

SUBSEQUENT EVENT (Note 15)

On behalf of the Board of Directors,

Michel Paradis
Paul E. Lachance

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

OPERATING RESULTS AND DEFICIT
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE FROM CONTRACTS (Note 10)	$1 179 135	$866 471
COST OF PRODUCTION		
Direct labour	532 088	445 810
Direct expenses	26 483	15 132
Indirect cost of production (Note 12)	755 884	846 391
	1 314 455	1 307 333
GROSS LOSS	135 320	440 862
Other revenue (Note 11)	15 041	98 694
	120 279	342 168
General and administrative expenses (Note 13)	518 201	528 517
NET LOSS	638 480	870 685
DEFICIT AT THE BEGINNING	2 030 308	1 159 623
DEFICIT AT YEAR-END	$2 668 788	$2 030 308

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1985

	1985	1984
APPLICATION OF FUNDS		
Funds for operations		
Net loss	$638 480	$870 685
Depreciation on fixed assets and those held under capital lease	(179 600)	(178 913)
Share of joint venture net loss	(3 877)	
	455 003	691 772
Investment in a joint venture		10 000
Acquisition of fixed assets	2 189	7 382
Decrease in long-term debt	180 484	195 647
Decrease in commitments under capital lease contracts	81 999	63 075
DECREASE IN WORKING CAPITAL	719 675	967 876
WORKING CAPITAL AT THE BEGINNING	34 574	1 002 450
WORKING CAPITAL AT YEAR-END	$(685 101)	$34 574

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
31 March 1985

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1. Constitution and purpose

A joint-stock company under the terms of its founding act, the Société de cartographie du Québec has the following goals:

— to prepare the data necessary for the making and upgrading of maps and other means of geographically depicting the area of Québec;

— to take a aerial and land photographs of the territory for purposes of drawing up maps and the use of other methods of tele-detection for photogrammetry and identification of natural resources as well as for other scientific ends;

— to establish ground control stations for purposes of cartography and photogrammetry;

— to preserve and make available documents prepared in the quest of its goals, along with all others having to do with the cartography, photogrammetry and photography of Québec's territory.

2. Accounting policies

The financial statements of the Société were prepared by management according to generally accepted accounting principles, given the relative importance of accounting practice summarized as follows:

Supplies

Inventories are valued at cost.

Fixed assets

Fixed assets are recorded at cost. Depreciation is calculated with the straight-line method on the basis of their estimated service life.

	Estimated Service Life
Land development	10 years
Building	40 years
Equipment and machinery	10-15-20 years
Computer equipment	10 years
Office furniture and equipment	10 years
Rolling stock	4 years

Capital lease contracts

Assets held under capital lease agreements are entered on the books and depreciation is charged as if they were fixed assets. Commitments under such contracts are recorded at the current value of capital payments to be made.

Joint ventures

The Société pursues its activities to a large extent through joint ventures. The financial statements reflect joint-venture activities on a proportional basis.

3. Accounts receivable

Accounts receivable detail as follows:

	1985	1984
Gouvernement du Québec and its enterprises	$204 460	$194 986
Other	67 613	4 697
	$272 073	$199 683

4. Investment in a joint venture

The Société de cartographie du Québec joined forces with the Société française de stéréotopographie to incorporate the Québec firm Carto-Mat Inc., whose shares are held on an equal basis by the two enterprises.

the primay purpose of the new firm is to promote the use of numeric cartography in the negotiation and finalization of cadastral contracts with a view to the creation of a data bank.

The investment of 10 000 common, no par value shares is recorded at cost of acquisition since Carto-Mat Inc. has yet to begin operations.

5. Fixed assets

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Land	$122 170		$122 170	$122 170
Development — land	35 713	$34 287	1 426	4 997
Building	406 895	81 566	325 329	335 501
	564 778	115 853	448 925	462 668
Machinery and equipment	1 412 047	627 942	784 105	911 523
Office furniture and equipment	39 744	23 481	16 263	20 237
Rolling stock	7 008	6 277	731	1 401
	$2 023 577	$773 553	$1 250 024	$1 395 829

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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6. Assets held under capital lease contracts

	1985	1984
Computer equipment	$316 059	$316 059
Accumulated depreciation	121 014	89 408
	$195 045	$226 651

7. Long-term debt

	1985	1984
Debt bearing 8% annual interest, payable in yearly installments of $108 046, including capital and interest, maturing July 2, 1985	$100 037	$192 670
Loan at 0.75% above prime, payable in monthly installments of $11 526, including capital and interest, with an estimated final payment of $348 669, due November 1, 1987	481 684	553 076
	581 721	745 746
Capital payments due within a year	185 126	168 667
	$396 595	$577 079

8. Commitments under capital lease contracts

The current value of capital commitments at March 31 under the terms of lease contracts details as follows:

Fiscal year	Capital Lease Contracts
1986	$101 573
1987	42 111
Total amount of payments	143 684
Less: interest	23 401
	120 283
Less: that due within a year	81 999
	$38 284

9. Capital stock

All Société shares are held by the Government.

10. Revenue from contracts

Almost all contract revenue is generated from operations with the Government and its enterprises.

11. Other revenue

	1985	1984
Interest on term deposits	$10 504	$90 212
Share of joint venture net loss	(3 877)	
Miscellaneous	8 414	8 482
	$15 041	$98 694

12. Indirect production costs

	1985	1984
Wages and salaries	$234 326	$278 203
Fringe benefits	76 894	109 508
Equipment — laboratory and other	93 104	105 841
Property taxes	28 524	28 180
Insurance	11 281	13 963
Maintenance and repairs	11 342	13 306
Heat and electricity	18 069	17 284
Depreciation on fixed assets	161 640	161 022
Computer services	120 211	118 035
Miscellaneous	493	1 049
	$755 884	$846 391

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

13. General and administrative expenses

	1985	1984
Wages and salaries	$181 111	$192 706
Fringe benefits	20 254	27 932
Professonal fees	51 365	39 193
Property taxes	3 381	3 390
Insurance	1 254	1 552
Maintenance and repairs	1 766	2 268
Security	1 948	1 848
Heat and electricity	2 008	1 920
Equipment rental	1 108	4 697
Travel and sales expenses	30 812	38 493
Office supplies and stationery	4 990	14 819
Directors' fees	16 800	6 750
Communications	10 998	9 533
Interest on long-term debt	76 791	82 549
Interest on capital lease commitments	32 157	41 564
Bank and interest charges	43 692	30 446
Depreciation on fixed assets	17 960	17 891
Tax on capital	6 250	6 229
Bad debt	5 593	
Miscellaneous	7 963	4 737
	$518 201	$528 517

14. Contingent liability

The Société is contesting a legal claim for an amount of $5 603 made by a broker with respect to an insurance premium.

Management is of the opinion that this claim will not give rise to a loss for the Société.

15. Subsequent event

Disposal of Société assets

A directive from the Minister of Energy and Resources issued on May 9, 1984 and approved by the Government orders the Société board of directors to take the required steps for the disposal of Société assets.

Operations officially ceased April 22, 1985.

The following transactions were executed:

— Sale during April 1985 of equipment, supplies on hand and certain other assets for a price of $575 000;
— Sale of the building and land July 1, 1985, for $500 690.

The debts standing as encumbrances against assets were paid off by the Société or assumed by the purchasers.

After incorporating the results of these dispositions, the unaudited balance sheet of the Société at September 7, 1985 stands as follows:

Assets		
Accounts receivable		$65 247
Liabilities		
Bank borrowing	$466 134	
Accounts payable	61 567	$527 701
Shareholder equity — deficit		
Capital stock		
Authorized, issued and paid-up: 300 000 shares $10 par value		3 000 000
Deficit		
Balance at March 31, 1985	2 668 788	
Net loss over the period	793 666	
Balance at September 7, 1985		(3 462 454)
		(462 454)
		$65 247

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

R.S.Q., c. S-9

AUDITOR'S REPORT

I have examined the balance sheet of the Société de cartographie du Québec as at March 31, 1985 and the statements of operating results and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, September 9, 1985

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10

INVESTMENT FUND

BALANCE SHEET

as at June 5, 1984

ASSETS

Cash and term deposit for investment purposes	$2 853 770
Cash and term deposits in reserve as security for outstanding loans (Note 3)	1 100 425
Accrued interest on term deposits	28 336
Investments and advances to cooperatives	3 726 078
Corporate investments and advances (Note 4)	6 699 500
Subordinate loans	13 385 082
Guaranteed loans	220 375
Investments in fixed assets	689 166
	24 720 201
Interest due and accrued	368 453
	25 088 654
Cumulative allowance for contingent losses on investments and guarantees for outstanding loans (Note 5)	3 352 762
	21 735 892
	$25 718 423

LIABILITIES

Accrued expenses	$332 118
Accrued interest on advances	141 350
Advances from the ministère des Finances (Note 6)	22 620 142
Advances from subscribing cooperative members (Note 6)	3 200 092
	26 293 702
Deficit	575 279
	$25 718 423

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Oscar Mercure, Chairman
Robert Soupras, Vice-chairman

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

INVESTMENT FUND

REVENUE, EXPENDITURE AND DEFICIT
for the two-month period ended June 5, 1984

REVENUE	
Interest earned on investments	$276 752
Interest earned on term deposits	77 152
Rent	7 807
	361 711
EXPENDITURE	
Loans guarantees assumed	302 118
Retention disbursements	30 000
Increase in the cumulative provision for contingent losses	109 284
	441 402
SURPLUS REVENUE OVER EXPENDITURE BEFORE MINIMAL INTEREST ON ADVANCES	79 691
Minimal interest on advances	140 066
SURPLUS EXPENDITURE OVER REVENUE	219 757
DEFICIT AT THE BEGINNING	355 522
DEFICIT AT YEAR-END	$575 279

CUMULATIVE PROVISION FOR CONTINGENT LOSSES ON INVESTMENTS AND GUARANTEES FOR OUTSTANDING LOANS
for the two-month period ended June 5, 1984

Balance at the beginning	$3 243 478
Increase in the cumulative provision for contingent losses	109 284
Balance at year-end	$3 352 762

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

INVESTMENT FUND

CHANGE IN FINANCIAL POSITION
for the two-month period ended June 5,

SOURCE OF FUNDS	
Reimbursement on loans and investments	$385 305
Surplus expenditure over revenue	(219 757)
Elements constituting no application of funds:	
Net change in accrued interest and expenses	415 653
Increase in the cumulative provision for contingent losses	109 284
Funds from operations	305 180
	690 485
APPLICATION OF FUNDS	
Increase in the cash reserve for guarantees on outstanding loans	34 500
Investments and advances to cooperatives	106 500
Subordinate loans	955 364
Increase in investments in fixed assets	842
	1 097 206
DECREASE IN CASH POSITION	406 721
CASH FOR INVESTMENT AT THE BEGINNING	3 260 491
CASH FOR INVESTMENT AT YEAR-END	$2 853 770

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10

OPERATING FUND

BALANCE SHEET

June 5, 1984

ASSETS

Cash and term deposits	$89 882
Accounts receivable (Note 7)	127 234
Prepaid expenses	6 495
	$223 611

LIABILITIES

Accounts and accrued charges payable	$50 544
Wages, salaries and vocation benefits payable	52 362
Note payable secured by a 12% mortgage, repayable in advance without penalty, maturing August 14, 1988	190 000
	292 906
Deficit	69 295
	$223 611

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Oscar Mercure, Chairman
Robert Soupras, Vice-Chairman

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

OPERATING FUND

REVENUE, EXPENDITURE AND DEFICIT
for the two-month period ended June 5,

REVENUE

Contribution from the ministère de l'Industrie, du Commerce et du Tourisme	$600 000
Interest earned on cash and term deposits	1 703
Technical assistance	37 726
Administrative expenses	1 680
	641 109

EXPENDITURE

Wages, salaries and fringe benefits	181 646
Travel expenses	21 627
Advertising and information	11 693
Office equipment and supplies	21 199
Professional fees	15 916
Telecommunications	10 183
Meetings	5 972
Rent and related expenses	12 528
Bad debts	2 900
Fixed assets from revenue	71 249
Interest on borrowings	7 437
Depreciation on fixed assets	475 425
	837 775
SURPLUS EXPENDITURE OVER REVENUE	196 666
SURPLUS AT THE BEGINNING	127 371
DEFICIT AT YEAR-END	$69 295

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10

FIXED ASSETS FUND

BALANCE SHEET

at June 5, 1984

ASSETS

Fixed assets, at cost (Note 8)	$635 933

LIABILITIES

Fund balance	$635 933

The notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Oscar Mercure, président
Robert Soupras, vice-président

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

NOTES TO FINANCIAL STATEMENTS
at June 5, 1984

1. Major accounting policies

Investment in a wholly-owned subsidiary

The goal of the Société is to provide certain cooperative enterprises with financial assistance and services for the purpose of stimulating their creative forces and development. To this end, the Société formed a holding company to acquire buildings for resale to housing cooperatives.

In the belief that seperate presentation of the financial statements of this subsidiary, even in summary fashion in Note 11, would make for the greatest clarity, the investment is recorded on the books of the Société at cost.

Investments, subordinate loans, guaranteed loans and real estate investments

These are recorded at cost under assets upon disbursement.

Investments take the form of common and preferred shares or advances to cooperative undertakings.

Subordinate loans are in no way guaranteed.

Loans are secured by collateral, mortgage of mortgage debenture on specific assets.

Real estate investments are composed of property held by the Société against commitments on the part of housing cooperatives to buy back or rent such assets, in accordance with section 29 of the Act respecting the Société de développement coopératif (R.S.Q., c. S-10)

Cumulative provision for contingent losses on investments and guaranteed for outstanding loans

A provision is charged to expenditure for probable losses on specific loans, investments and loan guarantees as well as for contingent losses. The cumulative provision for contingent losses is calculated on the basis of past experience and a case-by-case study so as to parry losses on investments, loans and loan guarantees where a significant change is felt to have a negative impact on the develpment of a cooperative's economic activities.

Fixed assets:

Fixed assets are shown at original cost and are not depreciated.

2. Change in accounting

Fixed assets were formerly shown in the operating fund and were depreciated according to their probable useful lifetime, using the straight line method and rates of from 2½% to 10%. The depreciation expense was charged to that fund's statement of revenue and expenditure.

A fixed assets fund was set up during the fiscal year to show fixed assets held; the net book value of fixed assets at March 31, 1984 of $475 425 was fully depreciated in the statement of revenue and expenditure of the operating fund for the then current fiscal year.

3. Cash and term deposits in reserve for guarantees on outstanding loans

the Société acted as surety on loans totaling $2 200 850 at June 5 1984. As recquired under section 33 of the Act, the Société put up $1 100 425 of its term deposits as a reserve equal to 50% of the amount of outstanding loans.

4. Corporate investments and advancements

S.D.C. (Habitation) 1980 Inc. — wholly-owned subsidiary:	
1 000 common shares	$1 000 000
499 "C" class preferred shares (8% non cumulative dividend, redeemable at $1 000 par value)	499 000
	1 499 000
Advances on notes (higher of 3% or 75% of profits)	5 001 000
	6 500 000
1856-2900 Québec Inc. (50% of shares issued)	
50 class "A" shares	500
Advances on a note 10¾%)	199 000
	199 500
	$6 699 500

5. Cumulative provision for contingent losses on investements and guarantees for outstanding loans

The cumulative provision for contingent losses on investments and guarantees for outstanding loans reflects the revised estimate described in Note 1. The provision includes $1 593 540 owed by Pêcheurs-Unis du Québec.

6. Advances from the ministère des Finances and subscribing cooperative members

Advances bear interest at an annual rate equal to 50% of surplus revenue over expenditure, providing payment of such interest does not create a deficit, but no less than 3%; where interest payments equal 50% of surplus revenue over expenditure, the board of directors may vote a supplementary rate as long as the total overall is not more than ½ of 1% over prime. Any such additional interest payment is charged against the surplus upon disbursement.

Advances are to be repaid as follows:

1993	$1 000 000
1994	1 000 000
1995	5 500 000
1996	5 820 165
1997	7 500 023
1998	2 500 023
1999	2 500 023

The Act respecting the Société de développement des coopératives (1984, chapter 8) came into force on June 6, 1984; under section 47 of the Act, the Société de développement des coopératives must as of this date begin reimbursing the Government and subscribing cooperative members for advances made to the Société de développement coopératif, founded by the Act respecting the Société de développement coopératif (R.S.Q. c. S-10), on a prorata basis from reimbursements of financial assistance granted prior to that date.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

NOTES TO FINANCIAL STATEMENTS (cont'd)
at June 5, 1984

7. Accounts receivable

Technical assistance to cooperatives	$116 070
S.D.C. (Habitation) 1980 Inc	4 771
Others	6 393
	$127 234

8. Fixed assets

Land	$85 000
Buildings and major repairs	337 817
Furniture and equipment	141 932
Computer equipment	71 184
	$635 933

9. Commitments on investments, subordinate loans guaranteed loans and loan guarantees

At the date of the balance sheet, financial assistance that was authorized but not yet disbursed amounted to $1 753 335, aside from these items shown as assets. Loan guaranteed in the amount of $1 248 500 were authorized but not yet in effect at June 5, 1984.

10. Subsequent event

On June 6, 1984, the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10) was replaced by the Act respecting the Société de développement des coopératives (1984, chap. 8). The latter Société acquired the rights and assumed the obligations of the Société de développement coopératif.

11. S.D.C. (Habitation) 1980 Inc. — Summary financial statements

Balance sheet as at December 31, 1983

Assets	
Current assets	$21 551 584
Net fixed assets	229 796
Set-up charges, at cost	455 036
	$22 236 416
Liabilities and shareholders' equity	
Current liabilities	$15 728 282
S.D.C. advances	5 001 000
Capital stock	1 499 000
Retained earnings	8 134
	$22 236 416

Operating results and retained earnings for the fiscal year ended December 31, 1983

Revenue	$5 246 283
Expenditure	4 588 039
Gross profit before depreciation and interest expense	658 244
Depreciation on fixed assets and amortization of start-up costs	500 080
Interest on account payable earnings at year-end	150 030
	650 110
Net profit and retained earnings at year-end	$8 134

REMARK: The financial statements of the Société de développement des coopératifs are published on pages 315 to 320.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF
R.S.Q., c. S-10

AUDITORS' REPORT

To the Minister of Finance
and subscribing cooperative members
of the Société de développement coopératif

We have examined the balance sheets of the investment fund, the operating fund and the fixed assets fund of the Société de développement coopératif at June 5, 1984, as well as the statements of revenue and expenditure, deficits for the investment fund and operating fund, balance of the fixed assets fund and change in the financial position of the investment fund for the final two-month fiscal period then ended.

In our opinion, these financial statements accurately present the financial position of the Société at June 5, 1984, as well as its operating results and the change in its financial position for the final two-month fiscal period then ended, according to generally accepted accounting principles, applied in a manner consistent with the previous fiscal year, after allowing for the adoption of the method of recording fixed assets and depreciation expense mentioned in Note 2 of the financial statements.

Raymond, Chabot, Martin, Paré & associés,
Chartered accountants

Québec, September 5, 1984

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

BALANCE SHEET

as at December 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 3)	$2 714 529	$2 337 150
Advances — subsidiaries	483 970	1 636 478
Inventories	1 133 707	458 931
	4 332 206	4 432 559
ACCOUNT RECEIVABLE — SEBJ — HOLDBACKS	182 332	198 071
INVESTMENTS		
Mortgage loan		414 291
Investments in subsidiaries (Note 4)	359 035	1 214 084
Share capital at cost (Note 6) (market value $1 455 150)	2 916 950	350 000
	3 275 985	1 978 375
Joe Mann mining project (Note 6)		2 400 000
Minning exploration projects (Note 7)		18 357 162
Fixed assets (Note 8)	2 772 522	2 319 689
INFRASTRUCTURES (Note 9)	5 581 545	5 570 484
	$16 144 590	$35 256 340

On behalf of the Board of Directors,

Antoine Rousseau, Director
Albert Jessop, Director

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

BALANCE SHEET

as at December 31, 1984

	1984	1983
LIABILITIES AND SHAREHOLDER EQUITY		
CURRENT LIABILITIES		
Loan indebtedness (Note 10)	$10 692 602	$7 085 714
Account payable and accrued charges	4 120 416	2 930 327
Account payable — Municipalité de la Baie James		147 704
Mortgages due within a year	27 085	24 481
	14 840 103	10 188 226
HOLDBACK ON CONTRACTS	246 303	249 787
MORTGAGE PAYABLE (Note 11)	338 353	365 437
SHAREHOLDER EQUITY		
Capital stock (Note 12)		
Authorized		
10 000 000 common shares, $10 par value		
Issued and paid up:		
6 000 000 shares	60 000 000	60 000 000
Contributed surplus	4 302 500	4 302 500
Deficit	(63 582 669)	(39 849 610)
	719 831	24 452 890
	$16 144 590	$35 256 340

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

OPERATING RESULTS AND DEFICIT
for the fiscal year ended December 31, 1984

	1984	1983
REVENUE	$4 419 101	$2 946 910
Less: Revenue remittance — SEBJ	1 166 276	677 959
Net revenue	3 252 825	2 268 951
EXPENDITURE		
Wages, salaries and fringe benefits	5 301 107	5 946 318
Operating, maintenance and administrative expenses	12 241 316	13 077 302
Interest on borrowings	1 118 235	577 184
Depreciation on fixed assets	648 952	492 181
	19 309 610	20 092 985
Less: Recoveries — SEBJ, Hydro-Québec and subsidiaries	13 952 959	15 354 572
Capitalized expenditure (Note 14)	198 997	939 983
	14 151 956	16 294 555
Net expenditure	5 157 654	3 798 430
LOSS BEFORE THE FOLLOWING ITEMS:	1 904 829	1 529 479
Mining exploration projects abandoned and written off (Note 7)	19 330 886	8 693 392
Share in losses of subsidiaries (Note 4)	855 049	166 790
Assumption of subsidiaries' accumulated deficit (Note 5)	1 642 295	
Extraordinary items (Note 15)		27 694 594
LOSS	23 733 059	38 084 255
DEFICIT AT THE BEGINNING	39 849 610	1 765 355
DEFICIT AT YEAR-END	$63 582 669	$39 849 610

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31, 1984

	1984	1983
SOURCE OF FUNDS		
Net proceeds from disposal of fixed assets and infrastructures	$120 603	$217 235
Decrease in mortgage loan	414 291	2 077 874
Other	12 255	2 323
Decrease in working capital	4 752 230	3 009 556
	$5 299 379	$5 306 988
APPLICATION OF FUNDS		
Operations		
Loss	$23 733 059	$38 084 255
Items requiring no outlay of funds		
Depreciation on fixed assets	(648 952)	(492 181)
Extraordinary items	(27 694 594)	
Mining exploration projects abandoned and written off	(19 330 886)	(8 693 392)
Share of subsidiaries' loss	(855 049)	(166 790)
Assumption of subsidiaries' accumulated deficit	(1 642 295)	
Net profit on disposal of fixed assets and infrastructures	65 984	157 533
	1 321 861	1 194 831
Net increase in fixed assets	1 156 405	2 831
Net increase in infrastructures	11 061	6 951
Joe Mann mining project		295 074
Mining exploration project	1 913 011	3 750 005
Mortgages payable	27 085	24 481
Advances receivable — subsidiary	869 956	32 815
	$5 299 379	$5 306 988

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

1. Legal existence and purpose

The SDBJ is a paragovernmental corporation incorporated under the James Bay Region Development Act — R.S.Q., 1977, c. D-8, all of whose shares are owned by the Government of Québec. Since its creation, the Société's role has been to develop the natural resources, build an infrastructure in the James Bay region and provide administration and development in the region. In 1984, the Government decided to continue the Société's existence for the next two years, with respect to its logistical role. The Société can be expected to negotiate the transfer of its assets with other groups involved before the expiry of this period. The scope and complexity of the transfer of the said assets make it more difficult to value them and, accordingly, the write-downs which may result.

After studying the facts as they are known, it is reasonable to believe that any loss which may result from such transfers have been covered by an allowance or write-off at December 31, 1984. Any other difference between book value and the value assigned at the time of the transfers will be charged to the results of the fiscal year in which the event is reasonably known.

2. Accounting policies

a) Investments in subsidiaries

The financial statements have been prepared for submission to the Minister responsible for implementing the James Bay Region Development Act and to the National Assembly as well as for whomever is interested.

The financial statements of SDBJ subsidiaries are presented separately in the belief the result would make for greater clarity. Except for the investment in the Société de développement autochtone de la Baie James (Sodab) recorded at cost because the increase in its net equity cannot be distributed among shareholders, SDBJ investments in subsidiaries are entered at cost plus a share of retained earnings (equity method). Sotel Inc., a major subsidiary, is a regulated company.

b) Inventories

Inventories are recorded at the lesser of replacement value or cost, which is determined with the FIFO method.

c) Land, buildings, modular homes and other equipment

These fixed assets are recorded at cost, less any contribution from third parties.

d) Depreciation

Depreciation is charged on fixed assets using the straight-line method on the basis of net cost over their estimated service life.

	Anticipated Service Life
Buildings	20 years
Modular homes	10 years
Office furniture and equipment	5 years
Equipment	3 years
Rolling stock	3 years

e) Infrastructure

Under an agreement with the Société d'énergie de la Baie James (SEBJ), the SDBJ caused infrastructures required by the SEBJ, such as all-weather and winter roads, bridges, airports and city centres, to be built. The SEBJ covers 99 % of net construction costs and 100 % of maintenance and operating expenses as long as it remains the sole user. These infrastructures are wholly owned by the SDBJ, but it may not alienate, assign or convey them without the agreement of the SEBJ.

f) Income tax

As a Government-owned corporation, the SDBJ and its wholly owned subsidiaries are not subject to income tax.

g) Pension plan

A contributory pension plan covers all permanent employees of the SDBJ and its subsidiaries. Based on the average of the employee's earnings for the five best years, pension benefits become payable at the normal retirement age of 65 or by age 71.

The cost of pension benefits is fully funded each year, and paid to a trust company. Any deficiency brought to light as a result of an actuarial valuation conducted using the "unit of credit" method is made up during the current year.

Because of the experience gain, the SDBJ and its subsidiary Sotour were exempt from making pension contributions in 1984.

3. Accounts receivable

	1984	1983
Société d'énergie de la Baie James	$342 162	$1 118 763
Hydro-Québec	807 731	380 620
Subsidiaries	102 298	88 126
Other	1 462 338	749 641
	$2 714 529	$2 337 150

4. Investments in subsidiaries

	Share	Investments at December 31, 1983	Share of losses for 1984	Investments at December 31, 1984
Sotel inc.	51%	$1 004 188	$(645 666)	$358 522
Sotour	100%	1		1
Somine inc.	100%	209 384	(209 383)	1
Fer Albanel Limitée	51%	1		1
Sodab	51%	510		510
		$1 214 084	$(855 049)	$359 035

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

5. Assumption of subsidiaries' accumulated deficit

Sotour	
As a result of the transfer of the book value of virtually all its assets and liabilities to the SDBJ	$869 956
Somine inc.	
As a result of the write-off of mining exploration projects, as explained in Note 7	772 339
	$1 642 295

6. Stock investment and Joe Mann mining project

On March 30, 1984, the SDBJ sold its interest in the Joe Mann mine to Les Ressources du Lac Meston inc. (Meston) for a consideration of 1 000 000 Meston shares and a royalty on the future production of the mine. At December 31, 1983, the investment in the Joe Mann mining project was valued according to the value of its shares on the stock market, $2 400 000. At December 31, 1984, the investment in Les Ressources du Lac Meston inc. consisted of 1 212 625 common shares.

Under the agreement, the SDBJ is entitled to participate, under certain conditions, in any additional issue of Meston common shares, and certain mechanisms to dispose of share are provided for.

7. Mining exploration projects

On March 15, 1984, the SDBJ transferred, for a consideration of one dollar, virtually all its mining assets to its wholly owned subsidiary Somine inc. The Société subsequently decided to charge the inherent costs in mining exploration projects against results, in accordance with the intention of its shareholder to transfer all such projects to Soquem for one dollar and other considerations.

8. Fixed assets

	1984	1983
Land	$123 521	$167 292
Buildings	3 860 383	2 218 864
Modular homes	2 516 605	2 587 949
Office furniture and equipment	1 730 311	1 620 414
Equipment	1 792 113	1 802 990
Rolling stock	2 362 500	2 498 416
	12 385 433	10 895 925
Contribution — SEBJ and Hydro-Québec	5 541 873	5 752 350
Net cost	6 843 560	5 143 575
Accumulated depreciation	4 071 038	2 823 886
	$2 772 522	$2 319 689

9. Infrastructure

	1984	1983
Infrastructure	$406 367 922	$405 240 390
Contribution — SEBJ and Hydro-Québec	400 786 377	399 669 906
Net cost	$5 581 545	$5 570 484

10. Loans

Bank loans are guaranteed by the Government for an amount of $14 million.

11. Mortgages payable

	1984	1983
First mortgage, $11\frac{3}{4}$%, renewable annually, repayable in monthly installments including principal and interest of $2 102, until 1977	$171 870	$177 045
Second mortgage, 10 %, repayable in monthly installments including principal and interest of $3 276, until 1991	193 568	212 873
	365 438	389 918
Due within a year	27 085	24 481
	$338 353	$365 437

12. Capital stock

SDBJ shares are part of the public domain and assigned to the Minister of Finance.

Section 25 of the James Bay Region Development Act prescribes that the Minister of Finance shall pay the SDBJ and amount up to $10 000 000 for 1 000 000 shares from the Consolidated Revenue Fund during each of ten years; 6 million shares have been issued and fully paid up. The Minister of Finance ceased subscribibg shares on March 2, 1977.

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

13. Commitments and contingencies

a) Commitments

	Total	SEBJ and Hydro-Québec	SDBJ
Construction and maintenance of infrastructure buildings	$3 275 958	$3 116 875	$159 083
Demobilization	791 318	105 000	686 318
At December 31, 1984	$4 067 276	$3 221 875	$845 401

b) Contingencies

The Société is being sued by a contractor for $7.8 million. As the grounds of the case have not been established, it is difficult at present to establish an amount which may ultimately result from this suit. However, management is of the opinion that such amount could eventually be recovered from the beneficiaries of work completed.

14. Capitalized expenditure

	1984	1983
Joe Mann mining project		$200 000
Mining exploration projects	$156 873	739 983
Development	42 124	
	$198 997	$939 983

15. Extraordinary items

In 1983, the SDBJ absorbed the following write-downs and write-offs:

Write-off of certain development costs in the region	$9 275 108
Write-down of investment in shares and write-off of advances in Fer Albanel Limitée	5 890 070
Write-down of the investment in Joe Mann mining project, including loan receivable	12 529 416
	$27 694 594

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

AUDITORS' REPORT

To Mr. Alain Marcoux
Minister responsible
for implementing the James Bay
Region Development Act
Hôtel du Gouvernement
Québec

We have examined the balance sheet of the Société de développement de la Baie James at December 31, 1984 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended, having obtained all information and explanations requested. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

Given the information and explanations we received and that shown on the Société's books, these statements in our opnion accurately present its financial situation at December 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Maheu Noiseux,
Chartered Accountants

C. Albert Poissant, F.C.A.
of Poissant Richard/Thorne Riddell,
Chartered Accountants

Montréal, March 6, 1985

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

R.S.Q., c. S-10.001

BALANCE SHEET

at March 31, 1985

	1985
ASSETS	
Cash and term deposits (Note 3)	$2 918 245
Accounts receivable	4 700
Contribution receivable from the Government	285 489
Accrued interest term deposits	17 647
Prepaid expenses	5 366
	3 231 447
Investments	
Subsidiaries (Notes 4a and 5)	4 701 000
Accrued and overdue financial assistance and interest (Note 4b)	11 327 863
Capital assets	703 027
	16 731 890
Head office building	422 817
	$20 386 154
LIABILITIES	
Bank loans	$572 000
Accounts payable and accrued expenses	377 391
Assumption of interest payable	16 467
Advances — Government and member-subscribers (Note 6)	22 690 222
	23 656 080
DEFICIT	3 269 926
	$20 386 154

COMMITMENTS AND CONTINGENT LIABILITIES (Note 10)

On behalf of the Board of Directors,

Gérard Barbin
Denise Julien

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

REVENUE AND EXPENDITURE
for the period from June 6, 1984 to March 31, 1985

	1985
EXPENDITURE	
Assistance programs	
Interest assumed	$23 475
Guarantees on loans assumed	506 481
Allowance for losses on financial assistance and accrued and overdue interest	2 007 852
	2 537 808
Devaluation of investments in subsidiaries (Note 4a)	1 998 500
Administration expenses (Note 7)	1 347 926
Financial expenses (Note 8)	645 028
	6 529 262
REVENUE	
Interest on investments	1 186 394
Interest on term deposits	401 863
Rent	35 409
Others	11 938
	1 635 604
SURPLUS OF EXPENDITURE OVER REVENUE	4 893 658
GOVERNMENT CONTRIBUTION (Note 9)	1 776 194
SURPLUS OF EXPENDITURE OVER REVENUE AND GOVERNMENT CONTRIBUTION	$3 117 464

DEFICIT
for the period from June 6, 1984 to March 31, 1985

	1985
BALANCE AT JUNE 6, 1984	$644 574
Recording of head office building as asset	(422 817)
Government contribution to operating deficit prior to June 6, 1984	(69 295)
	152 462
Excess of expenditures over revenue and Government contribution	3 117 464
BALANCE AT MARCH 31, 1985	$3 269 926

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

CHANGE IN CASH POSITION
for the period from June 6, 1984 to March 31,

	1985
SOURCE OF FUNDS	
Excess of expenditure over revenue and Government contribution	$(3 117 464)
Items not affecting cash position:	
Allowance for losses on financial assistance and accrued and overdue interest	2 007 852
Devaluation of investments in subsidiaries	1 998 500
Funds generated from operations	888 888
Government contribution to the deficit on operations prior to June 6, 1984	69 295
Bank loans	572 000
Repayment of financial assistance	2 470 142
Accounts receivable, accrued interest on term deposits and prepaid expenses — change	134 352
Assumption of interest payable	16 467
	4 151 144
APPLICATION OF FUNDS	
Government contribution receivable	285 489
Payments of financial assistance — approved prior June 6, 1984	828 900
Payments of financial assistance — approved after June 6, 1984	572 000
Financial assistance — accrued and overdue interest	57 731
Capital goods	13 861
Note payable	190 000
Change in accounts payable and accrued expenses	198 983
Repayment of advances — Government and members-subscribers (Note 6)	3 130 012
	5 276 976
NET DECREASE IN CASH POSITION	1 125 832
CASH POSITION AT JUNE 6, 1984	4 044 077
CASH POSITION AT MARCH 31, 1985	$2 918 245

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Société is a corporation incorporated under the Act respecting the Société de développement des coopératives (R.S.Q., chapter S-10.001), which was approved May 23 and became effective June 6, 1984. At the same time, the Société acquired the rights of the Société de développement coopératif (R.S.Q., chapter S-10) and assumed its obligations.

The purpose of the Société de développement des coopératives is to encourage the creation and development of cooperative enterprises to increase the public's participation in economic activity, economic development in Québec's regions and job creation in these regions. To achieve its goal, the Société administers financial assistance programs established by the government.

2. Accounting policies

The financial statements of the Société were prepared by management in accordance with the accrual method of accounting, under the following accounting policies:

Investments

— Subsidiary

The accounts of the subsidiary S.D.C. (Habitation) 1980 Inc. are not consolidated with those of the Société de développement des coopératives. This presentation stems from the fact that the Société's Board of Directors, at its meeting on February 11, 1985, duly approved the gradual termination of the current operations of S.D.C. (Habitation) 1980 Inc.

— Financial assistance

Financial assistance is recorded at cost. To the degree that the Société considers it cannot recover part of such financial assistance, the anticipated loss is recorded in the allowance for losses and charged to expenditure.

— Capital goods

Investments in capital goods held for rental of resale are recorded at acquisition cost.

Allowance for losses on financial assistance and accrued and overdue interest

The allowance for losses is set up based on a case-by case analysis.

Material and equipment

Acquisitions of material and equipment are charged to operations.

Head office building

The Head office building is shown at original cost and is not depreciated.

3. Cash and term deposits

At March 31, 1985, an amount of $1 008 250 in term deposits, equivalent to 50 % of the amount of loan guarantees granted prior to June 6, 1984, was held in reserve.

4. Investments

a) Subsidiaries

	Cost	Estimated net realization value
S.D.C. (Habitation) 1980 Inc. wholly-owned subsidiary:		
10 000 common shares	$1 000 000	
499 class "C" preferred shares (8 % non-cumulative reedemable at face value of $1 000 each)	499 000	
Advances on notes (interest: the higher of 3 % of advances or 75 % or earnings)	5 001 000	$4 701 000
	6 500 000	4 701 000
Subsidiary wound up February 28, 1985		
1856-2900 Québec Inc.		
(50 % of outstanding shares)	500	
Advance on notes	199 000	
	$6 699 500	$4 701 000

b) Financial assistance and accrued and overdue interest

Common shares	$10 000
Preferred shares	797 530
Advances	1 852 268
Subordinate loans	11 952 706
Guaranteed loans	789 375
	15 401 879
Accrued and overdue interest	395 941
	15 797 820
Allowance for losses	4 469 957
	$11 327 863

The value of investments at March 31, 1985 made prior to June 6, 1984, breaks downs as follows:

Subsidiary		$4 701 000
Financial assistance	$15 223 659	
Allowance for losses on financial assistance and accrued and overdue interest	(4 376 295)	10 847 364
		$15 548 364

c) Allowance for losses on financial assistance and accrued and overdue interest

Balance at June 6, 1984	$3 352 762
Write-offs for the period	890 657
	2 462 105
Allowance for the period	2 007 852
Balance at March 31, 1985	$4 469 957

5. Subsidiary — summary audited financial statements

S.D.C. (HABITATION) 1980 INC.
Balance sheet
at December 31, 1984

Assets	
Current	$19 936 703*
Fixed assets	644 444
	$20 581 147
Liabilities and shareholders' equity	
Current	$15 450 839*
Advances from the Société de développement des coopératives	5 001 000
Capital stock	1 499 000
Deficit	(1 369 692)
	$20 581 147

Results and deficit for the fiscal year ended December 31, 1984

Revenue		$5 385 807
Expenditure	6 763 633	
Loss for the fiscal year		1 377 826
Retained earnings at December 31, 1983		8 134
Deficit at December 31, 1984		$1 369 692

* Since this company will cease its operations gradually, buildings held temporarily for resale purposes, loans and mortgages are con-

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

6. Advances — Government of Québec and members-subscribers

	Advances from the Government of Québec	Advances from members-subscibers	Total
Balance at June 6, 1984	$22 620 142	$3 200 092	$25 820 234
Repayments	1 234 088	174 528	1 408 616
Repayments in advance	1 508 115	213 281	1 721 396
	2 742 203	387 809	3 130 012
Balance at March 31, 1985	$19 877 939	$2 812 283	$22 690 222
Repayments made in April 1985 covering repayments of principal for financial assistance received prior to March 31, 1985	$930 003	$131 523	$1 061 526

Advances bear interest at an annual rate equal to 50% of the excess of revenue over expenditure with respect to financial assistance granted from these advances, provided the excess is not a deficit or that payment of such interest does not produce a deficit. This rate may not be less than 3%; in addition, in the event that interest equal to 50% of the excess of revenue over expenditure is paid, the Board of Directors may vote supplementary interest which may not, overall, exceed the prime rate plus ½ of 1% Such supplementary interest will be charged to the excess at the time of the payment.

Under section 47 of its act of incorporation, the Société, beginning June 6, 1984, must repay the Government and the members-subscribers the advances they made to the Société de développement coopératif on a prorata basis to their claims and from the repayments of financial assistance granted before such date. For the period, principal repayments of financial assistance totalled $2 470 142.

Operations carried out with advances from the Government of Québec and the members-subscribers for the purpose of calculating interest for the period from June 6, 1984 to March 31, 1985

Revenue	
Interest on investments	$1 184 233
Interest on term deposits	390 606
Rent	35 409
Other revenue	11 938
	1 622 186
Expenditure	
Loan guarantees assumed	202 195
Increase in the accumulated allowance for losses on financial assistance and accrued and overdue interest	1 914 190
Devaluation of investments in subsidiaries	1 998 500
	4 114 885
Excess of expenditure over revenue before minimum interest on advances	2 492 699
Minimum interest on advances — 3 %	624 765
Excess of expenditure over revenue	$3 117 464

7. Administration expenditure

Salaries, wages and fringe benefits	$898 640
Travel expenses	82 253
Advertising and information expenses	29 809
Office supplies	76 332
Professional fees	19 523
Telecommunications	46 277
Meeting expenses	27 878
Rent and occupancy expenses	76 369
Write-off of technical assistance	85 418
Material and equipment	5 427
	$1 347 926

8. Financial expenses

Interest on bank loans	$20 263
Interest on advances — Government of Québec and members-subscribers (3 % minimum interest)	624 765
	$645 028

9. Government of Québec contribution

This contribution was used to pay the following expenses:

Assistance program	
Interest assumed	$23 475
Guarantees on loans assumed	304 286
Allowance for losses on financial assistance and accrued and overdue interest	93 662
	421 423
Administration expenses	1 347 926
Financial expenses	20 263
	1 789 612
Less: interest on investments and term deposits	13 418
	$1 776 194

10. Commitments and contingent liabilities

a) Financial assistance approved prior to June 6, 1984 in the form of loans by not paid out at March 31, 1985 totalled $73 000.

b) Loans contracted by cooperatives enterprises which were guaranteed by the Société totalled $4 003 250 at March 31, 1985.

c) The assumption of interest on loans contracted by cooperative enterprises is granted under certain conditions. Payments made by the Société under this form of assistance are repayable by the Government of Québec under appropriations voted annually for such purpose by the National Assembly.

The maximum commitments involved at March 31, 1985 for the next five fiscal years break down as follows:

Fiscal years	
1986	$116 000
1987	113 500
1988	83 300
1989	39 100
1990	28 000
	$379 900

REMARK: The financial statements of the Société de développement coopératif are published on pages 298 to 306.

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

R.S.Q., c. S-10.001

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement des coopératives as at March 31, 1985 and the statements of revenue and expenditure, deficit and changes in cash position for the period from June 6, 1984 to March 31, 1985. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations and the change in its cash position for the period from June 6, 1984 to March 31, 1985 in accordance with the accounting policies stated in Note 2.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 23, 1985

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

R.S.Q., c. S-10.01

BALANCE SHEET
as at March 31, 1985

	1985	1984 (Note 14)
ASSETS		
Cash and term deposits	$2 461 477	$1 023 389
Interest and other receivable (Notes 3 and 5)	252 050	256 087
Loans (Notes 4 and 5)	12 010 367	8 902 752
Subsidiary — equity value (Note 6)	1 041 344	985 632
Holdings of capital stock of firms — at cost (Note 7)	801 006	160 005
Fixed assets (Note 8)	89 068	91 837
Other assets	88 024	105 628
	$16 743 336	$11 525 330
LIABILITIES		
Bank loan	$3 000 000	
Accounts payable and accrued charges	34 113	$62 512
	3 034 113	62 512
SHAREHOLDER EQUITY		
Capital stock (Note 9)		
Authorized: 200 000 shares, $100 par value		
Issued and paid-up: 155 000 shares (135 000 in 1984)	15 500 000	13 500 000
CONTRIBUTED SURPLUS (Note 10)	607 689	607 689
DEFICIT	(2 398 466)	(2 644 871)
	13 709 223	11 462 818
	$16 743 336	$11 525 330

COMMITMENTS AND GUARANTEES (Note 13)

On behalf of the Board of Directors,

Pierre A. Deschênes
Robert Vinet

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

OPERATING RESULTS AND DEFICIT

for the fiscal year ended March 31, 1985

	1985	1984 (Note 14)
REVENUE		
Interest on term deposits and loans (Note 12)	$1 550 947	$1 078 884
EXPENDITURE		
Administrative expenses (Note 11)	1 110 335	1 004 402
Allowance for losses on loans and overdue and accrued interest (decrease)	(33 196)	1 309 325
Interest on bank loan (Note 12)	283 115	
	1 360 254	2 313 727
OPERATING PROFIT (LOSS)	190 693	(1 234 843)
Share of net profit (loss) in Les Placements R.D.P. Inc.	55 712	(33 257)
NET PROFIT (NET LOSS) FOR THE FISCAL YEAR	246 405	(1 268 100)
DEFICIT AT THE BEGINNING	(2 644 871)	(1 376 771)
DEFICIT AT YEAR-END	$(2 398 466)	(2 644 871)

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

CHANGE IN CASH POSITION
for the fiscal year ended March 31, 1985

	1985	1984 (Note 14)
SOURCE OF FUNDS		
Operating profit (loss)	$190 693	$(1 234 843)
Items not affecting cash position:		
Allowance for losses and overdue and accrued interest(decrease)	(33 196)	1 309 325
Depreciation of fixed assets	21 762	17 729
Amortization of start-up costs	17 604	17 606
Change in interest and other receivables	29 004	79 535
Change in accrued expenses and other payables	(28 399)	(56 119)
Funds generated by operations	197 468	133 233
Issue of shares	2 000 000	2 500 000
Bank loan	3 000 000	
Loan repayments (of which $507 760 was converted into capital stock in 1985)	5 474 221	3 414 169
	10 671 689	6 047 402
APPLICATION OF FUNDS		
Disbursements on loans granted	8 573 607	6 718 488
Disbursements on performance of guarantees		114 674
Acquisition of capital stock of firms (of which $507 760 is derived from the conversion of loans in 1985)	641 001	160 000
Acquisition of fixed assets	18 993	20 529
	9 233 601	7 013 691
NET INCREASE IN CASH POSITION (DECREASE)	1 438 088	(966 289)
CASH POSITION AT THE BEGINNING	1 023 389	1 989 678
CASH POSITION AT YEAR-END	$2 461 477	$1 023 389

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and purpose

A joint-stock company, the Société de développement des industries de la culture et des communications — SODICC — was founded under a special Act. Its purpose is to promote the development of cultural undertakings in Québec and the quality, authenticity and competitiveness of their products and ensure their distribution, in addition to promoting the creation and development of entreprises operating in the areas of communications services and cultural property.

In the pursuit of its goals, the Société acts as guarantor, lender and investor or risk capital, independently from the form its intervention takes (loan, capital advance, loan guarantee or shares)

2. Accounting policies

Société financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Investments

Subsidiary, at equity value

The Société records its investment in a subsidiary at equity value since it does not have actual control of operations.

For accounting purposes, the investment is recorded at equity value plus retained earnings or minus its deficit since acquisition.

Provision for losses on loans

A provision for losses on loans is set up for accounts presenting collection difficulties by evaluating the expected loss and by applying a rate to estimate contingent losses on overdue accounts.

Fixed assets

Fixed assets are recorded at cost, with depreciation charged according to the straight-line method over their estimated service life at the following annual rates:

Office furniture	10 %
Equipment	20 %

The cost of leasehold improvements is amortized over the length of the lease. Works of art are shown at undepreciated cost.

Other

This item represents start-up costs, which are amortized over ten years using the straight-line method.

3. Interest and other receivables

	1985	1984
Overdue and accrued interest on loans	$263 182	$289 548
Allowance for losses	54 550	79 517
	208 632	210 031
Other receivables	43 418	46 056
	$252 050	$256 087

4. Loans

	1985	1984
Loans	$14 610 976	$12 201 704
Provison for losses	2 600 609	3 298 952
	$12 010 367	$8 902 752

This balance sheet item includes a loan of $3 000 000 to Société Premier choix: TVEC Inc. In addition, the Société has provided a bank guarantee of $1 333 000 for this borrower.

At January 1, 1985, the preliminary financial statements of Premier Choix: TVEC Inc. show a net loss of $12 827 055 and a deficit shareholders' equity of $3 827 055.

At March 31, 1985, no allowance has been set up for loss on this loan and on this bank guarantee.

5. Allowance for losses on loans and interest due and accrued

	1985	1984
Balance at the beginning	$3 378 469	$2 229 872
Write-offs during the year	690 114	160 728
	2 688 355	2 069 144
Allowance for the fiscal year (decrease)	(33 196)	1 309 325
Balance at year-end	$2 655 159	$3 378 469

6. Subsidiary — at equity value

a) Value of investment

The Société holds 937 common shares in Les Placements R.D.P. Inc., 51 % of its capital stock.

	1985	1984
Common shares, at cost	$450 000	$450 000
Transfer of real property, at assigned value (Note 10)	607 689	607 689
	1 057 689	1 057 689
Share of deficit since acquisition	16 345	72 057
	$1 041 344	$985 632

b) Summary financial data for the subsidiary

	1985	1984 (Note 14)
Current assets	$125 739	$166 420
Fixed assets at depreciated cost	2 386 034	2 210 439
	$2 511 773	$2 376 859
Current liabilities	$300 961	$256 551
Long-term debt	1 436 264	1 455 000
Shareholder equity		
Capital stock	18 370	18 370
Contributed surplus	1 048 319	1 048 319
Deficit	(292 141)	(401 381)
	$2 511 773	$2 376 859
Operating results and deficit		
Rental revenue	$653 247	$406 703
Building operations and other expenditure	295 689	238 383
Depreciation on fixed assets	60 046	56 052
Interest on long-term debt	187 783	177 478
	543 518	471 913
Profit (loss) before taxes	109 729	(65 210)
Taxes	19 751	
Profit (loss) before extraordinary item	89 978	(65 210)
Recovery of taxes following non-recording of deferred income tax receivable	19 262	
Net profit (net loss) for the fiscal year	109 240	(65 210)
Deficit at the beginning	(401 381)	(336 171)
Deficit at year-end	$(292 141)	(401 381)

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Holdings of capital stock in firms — at cost

	1985	1984
Common shares (Book value in 1985 according to most recent financial statements $39 380)	$141 006	$100 005
Preferred shares (Book value in 1985 according to most recent financial statements $60 000)	660 000	60 000
	$801 006	$160 005

8. Fixed assets

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Office furniture	$70 667	$25 321	$45 346	$49 314
Equipment	38 515	19 827	18 688	12 677
Leasehold improvements	39 393	21 498	17 895	23 932
Works of art	7 139		7 139	5 914
	$155 714	$66 646	$89 068	$91 837

9. Capital stock

Société shares are part of the public domain and are assigned to the Minister of Finance. Under the Act founding the SODICC, the Minister of Finance is authorized to pay the Société from the Consolidated Revenue Fund, according to terms set by the Government, for the balance of shares not yet issued. During the year ended March 31, 1985 20 000 shares were issued and paid for in cash payments totalling $2 000 000.

10. Contributed surplus

The contributed surplus from the Government, the Société's sole shareholder, was in the form of real property of an assigned value of $607 689.

11. Administrative expenses

	1985	1984
Wages, salaries and fringe benefits	$783 245	$671 572
Directors' fees	20 456	17 750
Professional fees	25 831	78 119
Travel, sales and convention expenses	37 244	35 129
Rent	92 302	92 300
Taxes and insurance	10 465	9 124
Maintenance and repairs	9 240	6 526
Stationery and office supplies	38 757	27 845
Advertising and promotional material	29 992	16 935
Communications	17 341	10 156
Depreciation of fixed assets	21 762	17 729
Amortization of start-up costs	17 604	17 606
Other	6 096	3 611
	$1 110 335	$1 004 402

12. Interest on bank loan

A bank loan was obtained to make a loan at the same rate of interest as the bank loan.

The contra item to the interest expense on the bank loan appears in revenue — Interest on loans and term deposits.

13. Commitments and guarantees

The balance committed on loans and shares in the capital stock of enterprises but not yet disbursed amounts to $2.8 million at March 31, 1985.

14. Comparative figures

Certain figures for 1984 have been reclassified for consistency with the presentation adopted in 1985.

In addition, the Société's share of the 1984 loss of Les Placements R.D.P. Inc. and of its deficit has been restated to take account of supplementary expenses affecting 1984 and previous years.

As a result of this restatement, the Sociétés net loss for 1984 has been increased by $7 537, and the deficit by $11 357.

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

R.S.Q., c. S-10.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement des industries de la culture et des communications as at March 31, 1985 and the statements of income and deficit and the changes in cash position for the generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, bearing in mind the facts mentioned in Note 4 concerning the valuation of a loan and a bank guarantee, these financial statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting policies, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, April 30, 1985

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

R.S.Q., c. S-11

BALANCE SHEET

as at September 30, 1984
(before assignment of the Sociétés assets and liabilities)

	At September 30, 1984	At March 31, 1984
ASSETS		
CURRENT ASSETS		
Cash	$131 260	$14 245
Accounts receivable and other	2 473	101 673
Accrued debenture interest	1 005 000	1 005 000
	1 138 733	1 120 918
INVESTMENT IN PLACE DESJARDINS INC. — — at equity value (Note 2)		
Common shares — at cost	7 840 000	7 840 000
Share of deficit	(7 233 345)	(8 453 026)
Debentures — at cost	67 000 000	67 000 000
	67 606 655	66 386 974
	$68 745 388	$67 507 892
LIABILITIES		
CURRENT LIABILITIES		
Accrued interest	$1 005 000	$1 007 020
LONG-TERM DEBT (Note 3)	67 000 000	67 000 000
	68 005 000	68 007 020
EQUITY		
Government contribution	7 666 100	7 666 100
Deficit	6 925 712	8 165 228
	740 388	(499 128)
	$68 745 388	$67 507 892

ASSIGNMENT OF THE SOCIÉTÉ'S ASSETS AND LIABILITIES (Note 4)

On behalf of the Société.

Jean-Claude Careau
Jean-Yves Gagnon

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

REVENUE, EXPENDITURE AND DEFICIT
for the 6-month period ended September 30, 1984

	6-month period ended September 30, 1984	12-month fiscal year ended March 31, 1984
REVENUE		
Investment in Place Desjardins Inc. (Note 2)		
Share of net profit	$1 219 681	$1 841 253
Interest on debentures and other	1 016 485	2 010 000
Sundry revenue	8 350	25 694
	2 244 516	3 876 947
EXPENDITURE		
Interest on Government advances	1 005 000	2 010 000
SURPLUS REVENUE OVER EXPENDITURE	1 239 516	1 866 947
DEFICIT AT THE BEGINNING	8 165 228	10 032 175
DEFICIT AT YEAR-END	$6 925 712	$8 165 228

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at September 30, 1984

1. Constitution, purpose and substitution

The Société, a corporation within the meaning of the Civil Code that was founded under the Act respecting the Société de développement immobilier du Québec is authorized to take part in operating Place Desjardins, located in Montréal.

The Act respecting the Société de développement immobilier du Québec was repealed October 1, 1984, when section 86 of the Act respecting the Société immobilière du Québec (R.S.Q., chapter S.17-1) came into force. As of that date, and under section 64 of the latter act, the Société immobilière du Québec and, as such, has assumed the powers and obligations and acquired its rights.

2. Investment in Place Desjardins Inc.

The Société records its investment in Place Desjardins Inc. at equity value. At September 30, 1984 and 1983, the Société holds 78 400 no-par-value common shares of Place Desjardins Inc. stock, representing 49 % of that company's issued and paid-up shares.

The Société share of the Place Desjardins Inc. deficit at September 30, 1984 details as follows:

Share of the deficit at March 31, 1984	$8 453 026
Share of net profit for the 6-month period ended September 30, 1984, including extraordinary item (un-audited financial statements)	1 219 681
Share of deficit at September 30, 1984	$7 233 345

Series "A", 1976 debentures with a par value of $67 000 000 are subordinate debt at a fixed and increasing interest rate, at additional interest beginning January 1, 1986, becoming sinking-fund debentures whose maturity dates may be deferred as of January 1, 1986 by the Société from December 31, 1985 to December 31, 1995 or 2005. The fixed, rising interest rate is 3 % annually through December 31, 1985, 4 % through December 31, 1990, 5 % through December 31, 1995 and 10 % through December 31, 2005.

Summary financial statements of Place Desjardins Inc.

Balance sheet

	At September 30, 1984	At September 31, 1984
	(Un-audited financial statements)	
Assets		
Current assets	$45 373 571	$36 917 886
Fixed assets	191 406 660	192 283 288
Other	1 123 110	749 907
	$237 903 341	$229 951 081
Liabilities		
Current liabilities	$14 285 438	$10 822 994
Long-term debt	192 000 000	192 000 000
Deferred income tax	30 379 831	28 291 034
	236 665 269	231 114 028
Shareholder deficiency		
Capital stock	16 000 000	16 000 000
Deficit	(14 761 928)	(17 162 947)
	1 238 072	(1 162 947)
	$237 903 341	$229 951 081

Operating results and deficit

	9-month period ended September 30, 1984	12-month fiscal year ended December 31, 1983
	(Un-audited financial statements)	
Revenue		
Real estate transactions	$27 395 337	$36 339 392
Hotel operations	12 504 710	12 664 170
Interest	2 850 365	2 616 158
	42 750 412	51 619 720
Expenditure		
Operating expenses		
Real estate transactions	6 283 696	7 414 437
Hotel operations	7 431 335	7 793 515
Taxes	8 440 083	11 684 835
General and administrative expenses	4 679 579	6 365 131
Interest on long-term debt	7 997 429	9 709 948
Other financial charges	354 853	416 272
Depreciation on fixed assets	1 471 506	1 545 168
	36 658 481	44 929 306
Earnings before income tax and extraordinary item	6 091 931	6 690 414
Income tax		
Payable	3 005 139	4 020 000
Deferred	2 088 797	2 133 736
	5 093 936	6 153 736
Profit before extraordinary item	997 995	536 678
Adjustment resulting from settlement reached with the City of Montréal concerning long-term lease less associated taxes of $995 308	1 403 024	
Income tax reduction following loss deferral from prior years		4 020 000
Net profit	2 401 019	4 556 678
Deficit at the beginning	17 162 947	21 719 625
Deficit at year-end	$14 761 928	$17 162 947

NOTES TO FINANCIAL STATEMENTS (cont'd)
at September 30, 1984

3. Long-term debt

	At September 30, 1984	At March 31, 1984
Government of Québec advances:		
Advances under the same terms as those of the Place Desjardins Inc. debentures (see Note 2)	$67 000 000	$67 000 000

4. Assignment of the Société's assets and liabilities

On September 25, 1984, the Société was authorized by a Government Order-in-Council assign its assets and liabilities as of September 30, 1984 to the Société immobilière du Québec in the following manner:

— assignment of 49 % of the capital stock of Place Desjardins Inc. at a price of $7 666 100;

— assignment of the bonds (debentures) of Place Desjardins Inc and of the associated long-term debt;

— assignment of all other assets and the balance of debts at their book value at September 30, 1984.

Once this assignment is taken into account, the balance sheet of the Société de développement immobilier du Québec at September 30, 1984 is as follows:

Assets		
Owed by the Société immobilière du Québec:		
Account receivable		$133 733
Note receivable, bearing no interest and payable on demand		7 666 100
		$7 799 833

Equity		
Government of Québec contribution		$7 666 100
Surplus		
Deficit before assignment	$6 925 712	
Gain on assignment of shares of Place Desjardins Inc.	7 059 445	133 733
		$7 799 833

When section 64 of the Act respecting the Société immobilière du Québec came into force on October 1, 1984, these assets and equity were transferred to the latter as a result of its replacement of the Société de développement immobilier du Québec on the same date.

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

R.S.Q. c. S-11

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement immobilier du Québec as at September 30, 1984 (prior to the assignment of its assets and liabilities) and the statement of revenue, expenditure and deficit for the 6-month period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at September 30, 1984 and the results of its operations for the 6-month period then ended, in accordance with generally accepted accounting policies applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, November 15, 1984

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

R.S.Q., c. S-11.01

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
Loans	$94 478 403	$90 867 171
Investments - particular financial assistance programs (Note 3)	34 372 438	41 428 149
Participation in the capital stock of enterprises	15 338 561	12 248 194
Guaranteed receivable (Note 4)	10 650 000	10 650 000
Interest, accrued and due	1 656 115	2 720 756
	156 495 517	157 914 270
Provision for losses on loans and capital stock participation	28 365 770	27 107 000
	128 129 747	130 807 270
Cash and short-term deposits	5 279 808	21 864 470
Contribution receivable from the Government	13 458 204	
Bond issue charges — unamortized cost	103 870	76 679
	$146 971 629	$152 748 419
LIABILITIES		
Long-term debt (Note 5)	$51 800 000	$56 600 000
Interest accrued and due on long-term debt	770 656	864 303
Advances from the Government (Note 3)	34 372 438	42 368 143
Claim various forms of financial assistance	12 691 276	7 594 930
Accounts payable and accrued charges	51 914	117 697
Deferred revenue (Note 6)	1 978 724	
	101 665 008	107 545 073
EQUITY		
Endowment from the Government (Note 7)	32 944 115	32 944 115
Government endowment of participation in the capital stock of a firm	445 000	445 000
Reserve fund	11 917 506	11 814 231
	45 306 621	45 203 346
	$146 971 629	$152 748 419

COMMITMENTS AND CONTINGENT LIABILITIES (Note 10)

SUBSEQUENT EVENT (Note 11)

On behalf of the Board of Directors,

François Lebrun
Serge Saucier

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Interest from borrowers	$9 789 306	$11 520 574
Interest on bank deposits	1 487 475	2 220 919
Guarantee fees	412 927	147 386
Gain on disposal of capital stock of enterprises	750 000	466 198
	12 439 708	14 355 077
Government contribution (Note 8)	83 672 963	73 525 480
	96 112 671	87 880 557
EXPENDITURE		
Share of the cost of firms' borrowings	56 907 906	51 964 763
Loan guarantees made good under emergency assistance to small business	11 773 965	8 235 513
Subsidies:		
Modernization program for the textile, knitwear and clothing industry	2 589 433	3 533 885
Innovation program in the furniture and footwear industries	2 481 460	1 842 738
Loss — application of the Act respecting assistance for tourist development	289 889	349 512
Provision for losses on loans and capital stock participation	4 881 144	4 719 148
Wages, salaries and other remuneration	6 782 439	5 780 175
Data processing	380 028	293 250
Other administrative expenses	1 082 731	849 135
Interest on long-term debt (Note 9)	6 345 342	6 897 260
Interest on Government advances	2 495 059	2 354 677
	96 009 396	86 820 076
SURPLUS REVENUE OVER EXPENDITURE	$103 275	$1 060 481

RESERVE FUND
for the fiscal year ended March 31, 1985

	1985	1984
Balance at the beginning	$11 814 231	$10 753 750
Surplus revenue over expenditure	103 275	1 060 481
Balance at year-end	$11 917 506	$11 814 231

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

CHANGE IN CASH POSITION
for the fiscal year ended March 31, 1985

	1985	1984
SOURCE OF FUNDS		
Repayments from borrowers	$16 632 352	$18 323 009
Loans converted to capital stock in enterprises	2 300 000	30 656
Investments-specific financial assistance programs (Note 3)	11 011 614	
Disposal of capital stock participation	995 790	697 500
Contributions and advances from the Government of Québec		44 865 739
Long-term debt	16 800 000	
Increase in claims for various forms of financial assistance	5 096 346	3 000 038
Deferred revenue (Note 6)	1 978 724	
	54 814 826	66 916 942
Surplus revenue over expenditure	103 275	1 060 481
Items not affecting cash position		
Provision for losses during the fiscal year on loans and holdings of capital stock of firms	4 881 144	4 719 148
Net change in interest accrued and due	970 994	1 090 748
Amortization of bond issue charges	65 066	32 628
Funds from operations	6 020 479	6 903 005
	60 835 305	73 819 947
APPLICATION OF FUNDS		
Disbursements on loans granted	22 450 403	6 925 219
Interest on loan defaults and guarantee charges on these	3 672 556	2 976 151
Investments-financial assistance programs (Note 3)	3 955 903	41 428 149
Participation in the capital stock of enterprises	1 184 356	2 456 906
Firms' capital stock acquired through conversion of loans and accrued interest	2 944 800	336 204
Contributions and advances from the Government of Québec	21 453 909	
Long-term debt repaid	21 600 000	10 000 000
Issuance expenses — bonds	92 257	
Decrease in accounts payable and accrued expenses	65 783	134 640
	77 419 967	64 257 269
NET INCREASE (DECREASE) IN CASH POSITION	(16 584 662)	9 562 678
CASH POSITION	21 864 470	12 301 792
CASH POSITION AT YEAR-END	$5 279 808	$21 864 470

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

PROVISION FOR LOSSES ON LOANS AND CAPITAL STOCK PARTICIPATION

for the fiscal year ended March 31, 1985

	1985	1984
Balance at the beginning	$27 107 000	$26 619 550
Less:		
Write-offs		
Loans	3 582 637	3 322 909
Firms' capital stock	42 999	909 789
	3 625 636	4 232 698
	23 481 364	22 386 852
Add:		
Recovery on loan write-offs	3 262	1 000
	23 484 626	22 387 852
Add:		
Provision for the year		
Loans	2 072 892	4 344 148
Firm's capital stock	2 808 252	375 000
	4 881 144	4 719 148
Balance at year-end	$28 365 770	$27 107 000

The provision for losses is subdivided as follows:		
Loans	$23 629 445	$25 135 928
Capital stock participation	4 736 325	1 971 072
	$28 365 770	$27 107 000

Loans and capital stock participation by the Société whose reimbursement is guaranteed by the Government amount to $24 498 468 and $2 075 000 respectively ($6 217 682 and $2 075 000 at March 31, 1984).

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A corporation with the meaning of the Civil Code founded under a special Act, the Société de développement industriel du Québec (S.D.I.) is charged with the responsibility of administering financial asistance programs aimed at speeding up Québec's economic development, especially by promoting the growth of firms relying on dynamic technological developments, an increase in exports as well as research and industrial innovation and the development of the tourist industry, all the while ensuring that aid granted proves of significant economic benefit to Québec, particularly in the area of job creation.

The S.D.I. is a non-profit entity given the mandate by the Government of administering the financial aid programs to stimulate the economic and industrial development of the Province.

2. Accounting policies

The financial statements of the Société make use of the accrual method of accounting and the particular accounting practices below.

Participation in the capital stock of enterprises

Financial assistance taking the form of share acquisitions by the Société is shown under the item "Participation in the capital stock of enterprises" on the balance sheet. To the extent the S.D.I. estimates it will be unable to recover aid granted under this form, the anticipated loss is charged to expenditure through the provision for losses on loans and capital stock participation.

Provision for losses on loans and capital stock participation

The provision for loan losses is established on the basis of an evaluation of each account presenting collection problems and an estimated rate of contingent losses for the others. With respect to capital investment in enterprises, the provision is determined following an evaluation of each account.

No provision is made for losses on Société books where these are assumed by the Government and result from the application of financial assistance programs under other Acts.

Assuming part of the cost of firms' borrowings and subsidies

Expenses related to assuming part of the costs of borrowings entered into by firms and of subsidies are charged to operations for the fiscal year during which such firms submitted their claim and satisfied all the conditions laid down by the Société. The corresponding contribution of the Government of Québec is considered vested in the Société.

Bond issue charges

The cost of issuing bonds is amortized according to the straight-line method over the entire period of the debt.

Protection against increases in interest rates

Premiums collected and the interest they generate are recorded as deferred revenue and transferred to operations as claims are accepted.

Since the Government of Québec assumes the extra cost of this program, the Société incurs no loss.

Administrative expenses assumed by the Government

Administrative expenses of the Société that the Government assumes are paid out of appropriations voted for this purpose by the National Assembly.

The cost of fringe benefits for Société employees and support services such as telephone, office space, etc., paid from appropriations of the various departments concerned, are not shown on the statement of revenue and expenditure.

3. Investments-specific financial assistance programs

These investments take the form of unsecured loans, interest-free loans payable in fifteen years of the acquisition of non-voting and non-participating shares in the capital stock of enterprises. Expenses related to assuming part of the costs of borrowings entered into by firms and of subsidies are charged to operations for the fiscal year during which such firms submitted their claim and satisfied all the conditions laid down by the Société. The corresponding contribution of the Government of Québec is considered vested in the Société.

	1985	1984
Specific financial assistance programs		
Investments — Innovative small and medium-sized business	$30 984 674	$40 572 654
Interest-free loans and non-participating, non-voting shares	2 426 253	95 500
Interest accrued and due	961 511	759 995
	$34 372 438	$41 428 149

At March 31, 1984, there were also other advances from the Government totalling $939 994.

4. Guaranteed receivable

This guaranteed receivable is the result of sales and payment agreements reached July 21, 1981 with the main shareholder of an industrial firm in which the S.D.I. had a 40 % interest.

Notwithstanding clauses stipulating that S.D.I. participation in the capital stock of this enterprise took the form of an amount of $3 600 000, compounded annually at the banks' daily prime rate in effect as of July 30, 1981 which would yield a total of $10 650 000 upon maturity, the Société estimates that it will be able to recover the initial aid granted to that firm without sustaining a loss, or experiencing a gain.

This debt of $10 650 000, guaranteed by a chartered bank and recorded on the books at its maturity value, will be converted into cash between 1987 and 1989, depending on the rate at which interest accumulates.

At March 31, 1985, the current value of this item receivable is $5 811 925, which includes the sale price of $3 600 000 and $2 211 925 in accrued interest.

5. Long-term debt

The payment of capital and interest on bonds is guaranteed by the Government.

	1985	1984
Series "A" bonds maturing March 24, 1991, bearing an annual floating interest rate equal to $^{3}/_{8}$ of 1 %. below the average prime rate of three chartered banks. The Société may, at its option, redeem bonds in this series at their par value at any interest payment date for an overall value of $5 million or any multiple of this amount	$35 000 000	$35 000 000
Series "C" bonds, 12 $^{1}/_{2}$ %, maturing December 3, 1989	16 800 000	
Series "B" bonds		21 600 000
	$51 800 000	$56 600 000

6. Deferred revenue

Premiums collected from firms, as well as the interest they generate, under the business financing program, for protection against increases in interest rates are distributed as follows at March 31, 1985:

Premiums collecte	$1 909 507
Interest accumulated	69 217
	$1 978 724

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Endowment from the Government

The Minister of Finance is authorized to pay an amount of one hundred million dollars from the Consolidated Revenue Fund to the Société as endowment. $32 944 115 was paid at March 31, 1984 and 1985.

8. Contribution from the Government

The Government's contribution serves to offset the following expenditures:

	1985	1984
Financial assistance to business:		
Assuming part of the cost of firms' borrowings	$56 907 906	$51 964 763
Subsidies:		
Modernization program for the textile, knitwear and clothing industry	2 589 433	3 533 885
Innovation program in the furniture and footwear industries	2 481 460	1 842 738
Performance of loan repayment guarantees	11 773 965	8 235 513
Application of the Act respecting assistance for tourist development	657 345	588 069
Compensation to lenders for below-market rates	898 616	331 463
Administrative expenses:		
Wages, salaries and other remuneration	6 782 439	5 780 175
Data processing	380 028	293 250
Other	1 082 731	849 135
Interest on long-term debt	119 040	106 489
	$83 672 963	$73 525 480

9. Interest on long-term debt

	1985	1984
Bond interest	$6 273 874	$6 861 652
Amortization of bond issue charges	65 066	32 628
Other financial charges	6 402	3 000
	$6 345 342	$6 897 280

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

10. Commitments and contingent liabilities

— Amounts authorized but not disbursed on loans amount to $50 833 100 (March 31, 1984: $32 214 500), and $2 283 800 for participations in the capital stock of enterprises (March 31, 1984: $1 540 300).

— Under the conditions set by the Société, repayment waivers amounting to about $37 365 000 are anticipated on authorized loans (March 31, 1984: $4 152 000). The amounts thus waived by the Société will be reimbursed by the government as part of the appropriations voted each year for this purpose by the National Assembly.

— Commitments to assume part of the cost of firms' borrowings, subsidies and investments under particular programs of financial assistance are made under certain conditions. Such assistance will be reimbursed by the Government as part of the appropriations voted each year for this purpose by the National Assembly. The associated commitments for the coming fiscal years are distributed as follows:

Fiscal year	Borrowings assumed	Subsidies	Investments-particular aid programs	Total
1986	$96 569 000	$5 263 500	$23 718 300	$125 550 800
1987	68 680 100	270 900	18 165 000	87 116 000
1988	36 112 100		21 772 400	57 884 500
1989	25 444 500		23 269 200	48 713 700
1990 and thereafter	17 305 600		18 329 600	35 635 200
	$244 111 300	$5 534 400	$105 254 500	$354 900 200

— The Société has guaranteed firms' borrowings in the amount of $8 867 400 ($8 604 200 at March 31, 1984).

— Loans guaranteed under legislation other than the Société's founding Act for which the Government assumes any losses amount to $11 532 100 ($10 503 600 at March 31, 1984).

— Under the financial assistance programs, the Société guarantees lending institutions the repayment of loans contracted by firms up to $^2/_3$ of the balance of the loan as to principal and a portion of the interest and incidental fees.

These guarantees, for which the eventual losses are assumed by the Government, amount to, with respect to principal:

	1985	1984
Emergency small and medium-sized assistance program	$60 030 100	$79 013 300
Business financing program	78 068 900	
	$138 099 000	$79 013 300

— Legal and extrajudicial proceedings involving the Société are pesently under way. The Société considers that their outcome will have no significant impact on its financial position or operating results.

11. Event subsequent to date of balance sheet

Under an auxiliary Canada-Québec agreement on industrial development, the Government of Québec authorized the Société, On April 3, 1985, to grant an interest-free loan to a firm in the amount of $150 million. The loan will be paid from 1985 to 1989, in five installments of $30 million, repayable respectively after ten years.

The Société will borrow the funds needed to pay each annual installment of the $150 million loan. The Government of Québec guarantees the loan against any potential loss and will assume, jointly with the Government of Canada, the interest and other expenses incurred with respect to this loan.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

R.S.Q., c. S-11.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement industriel du Québec at March 31, 1985 as well as the statement of revenue and expenditure, that of the reserve fund, that of change in cash position and the statement of the provision for losses on loans and capital stock participation for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1985 as well as its operating results and change in cash position for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 7, 1985

SOCIÉTÉ DE LA MAISON DES SCIENCES ET DES TECHNIQUES

R.S.Q., c. S-11.02

BALANCE SHEET
at March 31, 1985

ASSETS	
Cash	$414 121
Accounts receivable	1 825
Accrued interest	3 384
Prepaid expenses	2 725
	$422 055
LIABILITIES	
Accounts payable and accrued expenses	$51 627
SURPLUS	370 428
	$422 055

COMMITMENTS (Note 3)

On behalf of the Board of Directors,

Jean Monty
Roland Doré

SOCIÉTÉ DE LA MAISON DES SCIENCES ET DES TECHNIQUES

REVENUE, EXPENDITURE AND SURPLUS

for the period from May 23, 1984 to March 31, 1985

EXPENDITURE	
Allowances for members' attendance	$21 775
Salaries and fringe benefits	60 431
Travel expenses	72 532
Telephone and courier	6 725
Advertising	10 289
Professional and administrative services	58 492
Printing and office suppliers	17 955
Furniture and equipment	44 738
Other expenses	2 103
	295 040
REVENUE	
Interest on bank deposits	15 468
SURPLUS OF EXPENDITURE OVER REVENUE	279 572
GOVERNMENT OF QUEBEC GRANT	650 000
SURPLUS OF REVENUE AND GRANT OVER EXPENDITURE, AND SURPLUS AT MARCH 31, 1985	$370 428

SOCIÉTÉ DE LA MAISON DES SCIENCES ET DES TECHNIQUES

NOTES TO THE FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution, purpose and activities

The Société de la Maison des sciences et des techniques, an organization incorporated under a special Act which entered into force May 23, 1984, was set up to establish, administer and operate the Maison des sciences et des techniques, whose purpose is to promote scientific and technical culture and make the public aware of the sciences and technology, together with their economic, social, cultural and environmental impact.

To achieve its goal, the Société's activities include, in particular:

1) promoting the organization of exhibitions, popular activities or any other activity designed to acquaint both Quebecers and others with science and technology;

2) setting down ways of collaborating, especially in the regions, with other persons or groups working in the field of museology and popularization of the sciences;

3) in carrying out these activities, promoting an approach based on participation and interaction, using new communications technologies, in particular;

4) seeking participation from various interested groups in regard to its activities, particularly from the teaching, research, industry or scientific recreation community.

2. Accounting policy

The financial statements of the Société were prepared by management according to the accrual method of accounting, and reflect the following accounting policy:

Fixed assets

Purchases of furniture and equipment are charged to operations.

3. Commitments

The Société is bound by leases maturing from 1988 to 1993 for administrative quarters and telephone equipment for an amount of $282 000. The annual rent over the next five years is as follows:

1986	$99 500
1987	121 700
1988	26 700
1989	7 700
1990	7 700

SOCIÉTÉ DE LA MAISON DES SCIENCES ET DES TECHNIQUES

R.S.Q., c. S-11.02

AUDITOR'S REPORT

I have examined the balance sheet of the Société de la Maison des sciences et des techniques as at March 31, 1985 as well as the statement of revenue and expenditure and surplus for the period from May 23, 1984 to March 31, 1985. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations for the period from May 23, 1984 to March 31, 1985 in accordance with the accounting policies stated in Note 2.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 12, 1985

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

R.S.Q., c. S-12.1

BALANCE SHEET

as at August 29, 1984

	1984	1983 (Note 10)
ASSETS		
Cash	$95 525	
Accounts receivable	258 245	$85 037
Subsidy receivable (Note 3)	1 642 480	2 155 823
Inventories and prepaid expenses	120 755	123 037
Fixed assets (Note 4)	48 814 601	48 814 601
Major repairs under way (Note 5)	6 466 788	2 617 475
	$57 398 394	$53 795 973
LIABILITIES		
Outstanding cheques less cash on hand		$31 317
Bank indebtedness	$166 000	470 000
Demand note — Opéra de Montréal (1980) Inc.	550 000	450 000
Accounts payable and accrued charges	919 971	691 529
Ticket outlets — rental and sales	1 169 770	1 092 319
Long-term debt (Note 6)	42 710 052	41 019 207
	45 515 793	43 754 372
EQUITY (Note 7)	11 882 601	10 041 601
	$57 398 394	$53 795 973

On behalf of the Board of Directors,

Guy Joron, President
Alan B. Gold, Vice President

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

REVENUE AND EXPENDITURE
for the fiscal year ended August 29, 1984

	1984	1983 (Note 10)
REVENUE		
Rent	$2 044 002	$2 044 178
Ticket sales	582 966	566 820
Ancillary services	2 038 206	1 969 912
Cultural animation	195 515	147 490
Production of performances	345 376	
Other	445 948	409 924
	5 652 013	5 138 324
EXPENDITURE		
Administrative services	3 178 459	3 080 068
Support services	3 934 631	3 794 997
Ancillary services	1 335 792	1 309 914
Cultural animation	453 063	393 765
Production of performances	571 738	
	9 473 683	8 578 744
SURPLUS EXPENDITURE OVER REVENUE NOT INCLUDING THE FOLLOWING ITEM:	3 821 670	3 440 420
Net financing expenses (Note 8)	2 954 341	3 098 801
SURPLUS EXPENDITURE OVER REVENUE FOR THE YEAR CHARGED AGAINST SUBSIDY RECEIVABLE (Note 3)	$6 776 011	$6 539 221

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS
at August 29, 1984

1. Constitution and purpose

A corporation within the meaning of the Civil Code and founded by a special Act, the Société de la Place des Arts de Montréal has been made responsible for administering Place des Arts in Montréal and authorized to produce and present shows.

2. Accounting policies

The financial statements of the Régie were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Inventories

Inventories are recorded at cost.

Fixed assets

The Place des Arts building complex houses three auditoriums and a theatre workshop.

Land

The Place des Arts site is recorded at cost.

Buildings, equipment, furnishing and works of art

The amount entered on the books for buildings, equipment, furnishings and works of art includes the construction cost of buildings and the acquisitions cost of original furnishing items for those buildings as well as interim financing charges during construction. No depreciation is charged on buildings, equipment, furnishings and works of art that have been capitalized.

Major repairs under way

Major repairs are recorded at acquisition cost.

Cost includes material, direct labour, as well as indirect expenses, such as temporary financing costs. The Government's contribution, which consists of reimbursing interest with respect to temporary financing expenses, is deducted from the cost.

Upon completion of the work, the portion of the cost attribuable to expenses is recorded as deferred expenses and amortized based on the repayment of the long-term debt. The balance of the cost is then transferred to fixed assets.

Ticket sales

Revenue from the sale of tickets is recorded on a cash basis.

Furnishings and equipment

The acquisition of furnishings and equipment is posted to Operating Fund expenditure.

Interest on long-term debt

Interest on the long-term debt is recorded on a cash basis.

3. Subsidy receivable

Under its Act of incorporation, the annual surplus of the Société's expenditure over its revenue as well as the repayment of the long-term debt are covered by the Government.

	1984	1983
Balance at the beginning	$2 155 823	$2 809 814
Surplus expenditure over revenue for the year	6 776 011	6 539 221
Repayment of long-term debt	1 841 000	248 000
Payments	(9 130 354)	(7 441 212)
Balance at year-end	$1 642 480	$2 155 823

4. Fixed assets

	1984	1983
Land	$6 948 642	$6 948 642
Buildings, equipment, furnishings and works of art	41 865 959	41 865 959
	$48 814 601	$48 814 601

5. Major repairs under way

The Government of Québec has authorized the Société to undertake certain expenditures with respect to renewing and improving technical stage equipment, renovation, rearrangement and major repairs to movables and immovables and to the installations. This work, whose cost is estimated at $9.4 million, was to have extended over a period of three years, ending in 1985. This project is currently being reviewed, resulting in the cost of the work being increased to $16.4 million, with completion in 1986-1987. The terms for the long-term financing of these major repairs have not been determined.

	1984	1983
Balance at the beginning	$2 617 475	$675 361
Work completed during the fiscal year	4 261 257	1 942 114
	6 878 732	2 617 475
Government contribution — reimbursement of temporary financing expenses	411 944	
Balance at year-end	$6 466 788	$2 617 475

	1984	1983
Renovation, rearrangement and repairs to movable and immovable assets and installations	$5 237 462	$1 800 045
Renewal and improvement of stage equipment	965 554	643 946
Temporary financing expenses	221 459	173 484
Energy savings	42 313	
	$6 466 788	$2 617 475

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont'd)
at August 29, 1984

6. Long-term debt

a) Debt relating to fixed assets

	1984	1983
Bonds guaranteed by the Government of Québec Issued April 15, 1965, \$20 millions of sinking fund bonds at $5\frac{3}{4}\%$, maturing April 15, 2005	\$13 587 000	14 302 000
Issued June 1, 1966, \$13 million of bonds, in series at 6% and $6\frac{1}{4}\%$, maturing between 1967 and 1991	2 013 000	2 239 000
$6\frac{1}{4}\%$ sinking fund bonds as of June 1, 1992, maturing June 1, 2006	8 392 000	8 392 000
	10 405 000	10 631 000
Issued November 6, 1980, \$13 700 000 of bonds in series $12\frac{1}{2}\%$ and 13%, maturing between 1981 and 1990	8 200 000	8 700 000
$13\frac{1}{2}\%$ sinking fund bonds as of November 6, 1986, maturing November 6, 2000	4 000 000	4 000 000
	12 200 000	12 700 000
Issued December 14, 1982, \$1 140 000 of bonds in series at $11\frac{1}{2}\%$ and 12%, maturing from 1983 to 1985	740 000	1 140 000
	36 932 000	38 773 000

b) Debt relating to major repairs in progress

	1984	1983
Bank loan	4 783 000	1 865 000
Outstanding cheques less cash	114 423	28 988
Account payable and accrued expenses	880 629	352 219
	5 778 052	2 246 207
	\$42 710 052	\$41 019 207

The debt relating to major repairs in progress is considered a long-term debt, since repayment will be made from long-term debt financing. The amount of principal repayments to be made over the next five fiscal years under the redemption and sinking fund clauses of bonded debt is broken down as follows:

1984-1985	\$1 478 000
1985-1986	5 775 000
1986-1987	814 000
1987-1988	856 000
1988-1989	901 000

7. Equity

	1984	1983
Opening balance (in 1983: balance of fixed assets fund)	\$10 041 601	\$9 793 601
Government of Québec contribution to repayment of long-term debt	1 841 000	248 000
Balance at year-end	\$11 882 601	\$10 041 601

8. Net financing expenses

	1984	1983
Interest on long-term debt	\$3 123 452	\$3 261 107
Interest on bank loan and demand notes	156 214	165 194
Profit on early redemption of sinking fund bonds	(325 325)	(327 500)
	\$2 954 341	\$3 098 801

9. Musée d'Art contemporain de Montréal

It is anticipated that construction and development of the Musée d'art contemporain de Montréal on land owned by the Société will begin in the fall of 1985.

To finance this construction project, the Société has been authorized by the Government to contract temporary loans for an amount which at no time is to exceed \$15 225 000.

10. New presentation of financial statements

Beginning with this fiscal year, the Société has adopted a new presentation of financial statements, abandoning presentation by fund. Figures for 1983 have been restated to make them consistent with the presentation adopted in 1984.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

R.S.Q., c. S-12-1

AUDITOR'S REPORT

I have examined the balance sheet of the Société de la Place des Arts de Montréal as at August 29, 1984 as well as the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at August 29, 1984 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2, applied on basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, November 13 1984

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

R.S.Q., c. S-12

CONSOLIDATED BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash and term deposits		$1 532 553
Accounts receivable and accrued interest	$19 525 545	17 128 128
Subsidies receivable	6 460 618	213 639
Inventories (Note 4)	26 296 815	20 627 125
Prepaid expenses	612 567	856 880
Underwritten capital stock receivable (Note 10)	12 500 000	
Payments receivable on investments (Note 5)	1 175 913	1 178 060
	66 571 458	41 536 385
SUBSIDIES RECEIVABLE	45 390	163 658
INVESTMENTS (Note 5)	53 631 524	39 364 282
FIXED ASSETS (Note 6)	34 373 317	34 146 923
OTHER ASSETS (Note 7)	3 659 928	4 689 187
	158 281 617	119 900 435
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	$1 604 739	
Bank advances (Note 8)	25 000 223	$9 949 354
Accounts payable and accrued charges	10 946 262	10 506 140
Deferred revenue	130 850	99 638
Installments on long-term debt (Note 9)	1 854 171	1 317 056
	39 536 245	21 872 188
LONG-TERM DEBT (Note 9)	35 599 415	29 777 669
	75 135 660	51 649 857
DEFERRED GOVERNMENT ASSISTANCE	360 000	
MINORITY INTERESTS	1 046 983	36 452
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 10)		
Authorized:		
1 250 000 shares with a par value of $100 each		
Subscribed		
Issued and paid for:		
592 500 shares	59 250 000	58 750 000
To be received:		
125 000 shares	12 500 000	
	71 750 000	58 750 000
CONTRIBUTED SURPLUS (Note 11)	4 926 567	4 926 567
RETAINED EARNINGS	5 062 407	4 537 559
	81 738 974	68 214 126
	$158 281 617	$119 900 435

COMMITMENTS AND CONTINGENT LIABILITIES (Note 16)

On behalf of the Board of Directors,

Michel Duchesneau
Jean-Louis Verrette

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended March 31, 1985

	1985	1984
OPERATING REVENUE	$132 030 715	$85 228 440
OPERATING COST	127 481 015	79 126 551
GROSS PROFIT	4 549 700	6 101 889
Sales and administration	10 256 203	10 501 546
Financial charges (note 12)	4 623 458	2 678 856
Investment earnings (note 13)	(2 745 231)	(1 370 150)
Sundry revenue	(1 087 933)	(718 711)
	11 046 497	11 091 541
LOSS EXCLUDING EXCEPTIONAL ITEM AND EXTRAORDINARY ITEM	(6 496 797)	(4 989 652)
EXCEPTIONAL ITEM		
Gain on disposal of all fixed assets of a subsidiary	3 238 070	
LOSS EXCLUDING EXTRAORDINARY ITEM	(3 258 727)	(4 989 652)
EXTRAORDINARY ITEM (note 14)	3 783 575	
NET EARNINGS (NET LOSS)	$524 848	$(4 989 652)

CONSOLIDATED RETAINED EARNINGS

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING	$4 537 559	$8 182 339
Net earnings (net loss)	524 848	(4 989 652)
Transfer of surplus depreciation of appraised value of fixed assets of subsidiary over net cost		1 344 872
BALANCE AT YEAR-END	$5 062 407	$4 537 559

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985

	1985	1984
SOURCES OF FUNDS		
Funds from operations (Note 15)		$559 169
Capital stock (Note 10)	$13 000 000	
Subsidies relative to acquisition of fixed assets and job creation	8 242 536	213 639
Long-term debt:		
Advances from the Government	1 500 000	3 700 000
Other	6 137 322	11 378 245
Proceeds upon disposal of fixed assets	6 018 935	887 665
Investment earnings	3 533 683	3 487 107
Other assets	2 113 575	211 524
Increase in minority interests	1 000 000	
Surplus revenue from share in a partnership		475 219
	41 546 051	20 912 568
APPLICATION OF FUNDS		
Funds used for operations (Note 15)	1 619 558	
Acquisition of fixed assets	14 748 845	4 599 037
Investment acquisitions	14 232 638	10 814 907
Long-term debt	1 805 756	3 890 408
Other assets	1 768 238	1 362 195
Acquisition of a subsidiary		736 632
	34 175 035	21 403 179
INCREASE (DECREASE) IN WORKING CAPITAL	7 371 016	(490 611)
WORKING CAPITAL AT THE BEGINNING	19 664 197	20 154 808
WORKING CAPITAL AT YEAR-END	$27 035 213	$19 664 197

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Société de récupération, d'exploitation et de développement forestiers du Québec — REXFOR, is a joint-stock company whose shares are entirely held by the Government. Under its founding Act, REXFOR is responsible for:

- forestry and salvage operations in areas of the public domain that the Government allots to it and seeing to the research work required in connection with this;
- forestry conservation and protection on land designated for its use by the Government;
- promoting the development of the forest industry and job creation in that sector.

2. Accounting policies

The consolidated financial statements of the Société were prepared according to generally accepted accounting principles, within the bounds of accounting practice summarized as follows:

Consolidation

The consolidated financial statements include the accounts of REXFOR and its wholly-owned subsidiaries, as well as its share of the assets, liabilities, revenue and expenditure of joint ventures:

Wholly-owned subsidiaries

Scierie Béarn Inc. and its subsidiary
Proforêt Inc. and its subsidiary
Les Produits forestiers Bellerive Ka'N'Enda Inc.
Énerbois Inc.
Gestion 1195 Inc.
Les Entreprises Matabois Ltée
2168-3768 Québec Inc.

Affiliated company:

Lignarex Inc. (77 % interest)

Joint ventures:

Scierie des Outardes Enr.
Scierie Grand Remous Enr.

Inventories

Lumber, supplies and fuel are recorded using the FIFO method at the lesser of cost and replacement or net realization value.

Cost includes raw materials, direct labour and general processing charges less the net realization value of any by-products.

Investments

REXFOR records investments at equity value when its participation in securities with voting rights of an issuing company is at least 20 % and no more than 50 % to the extent that it exercises a significant influence on the financial and administrative decisions of this company.

An interest in a limited partnership is also recorded at equity value.

Others are recorded at cost price less any loss in value of a permanent nature. The provision for contingent losses on loans and advances is established on a case-by-case basis.

Fixed assets

Fixed assets are recorded at cost of acquisition. The cost of fixed assets REXFOR has built for its own use includes materials, direct labour as well as a share of general expenses and financial charges during construction. Subsidies toward the acquisition of fixed assets are deducted in determining cost.

Depreciation is charged according to the straight-line method over the estimated service life of an asset at the following annual rates. During the temporary shut-down of mills or forestry operations, capital assets directly related to production are not depreciated.

	Rate
Land development	2.50 % to 10.00 %
*Logging roads	10.00 % to 33.33 %
Building and camps	2.50 % to 33.33 %
Equipment and machinery	6.67 % to 20.00 %
Data-processing equipment	20.00 %
Rolling stock	10.00 % to 33.33 %

* Certain subsidiaries charge depreciation on logging roads according to the volume of wood cut during the year in relation to the total amount to be cut.

Other assets

Start-up and software development costs are amortized at the rate of 20 % on a straight-line basis. The cost of preliminary studies for various projects is deferred, to be later charged to operations or capitalized, depending on their results.

The difference between the purchase price of shares over the net book value of the assets acquired is charged as depreciation expense during a 20-year period.

Land, buildings and machinery held for resale are valued at the lesser of depreciated cost or net realization value.

Foreign currency

Asset and liability items in foreign currency are translated into Canadian dollars at the rate in effect on the date of the balance sheet. Gains and losses on currency conversion are charged to operations for the year.

3. Equity in joint ventures

At March 31, 1985, the REXFOR share of assets, liabilities, revenue and expenditure of the joint ventures Scierie des Outardes Enr. and Scierie Grand Remous Enr. recorded on the equity basis, breaks down as follows:

	1985	1984
Assets	$24 206 545	$24 648 180
Liabilities	21 223 151	19 114 097
Revenue	34 641 221	17 850 057
Expenditure	37 191 909	21 105 431

4. Inventories

	1985	1984
Wood chips	$14 556 143	$10 459 787
Lumber	5 590 077	6 765 765
Other wood	4 672 705	1 892 378
Supplies and fuel	1 477 890	1 509 195
	$26 296 815	$20 627 125

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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5. Investments

	1985	1984
At equity value:		
Limited partnership	$3 000 000	$3 000 000
Share in retained earnings since date of acquisition	1 153 802	957 079
	4 153 802	3 957 079
Participation in companies subject to significant influence (b)	21 294 271	2 023 002
Share in retained earnings (accumulated losses) since date of acquisition	3 166 864	(2 023 002)
	24 461 135	
	28 614 937	3 957 079
At cost of acquisition (b)		
Common shares (a), (b)	6 355 203	6 880 204
Preferred shares		1 266 771
Mortgage loans	3 461 329	660 437
Bonds and debentures	7 052 455	14 496 199
Loans and advances		
bearing interest	540 987	8 338 838
interest-free	6 862 884	5 000 000
Term deposits (c)	2 000 000	
Other	39 586	39 586
	26 312 444	36 682 035
Installments receivable within a year	1 175 913	1 178 060
	25 136 531	35 503 975
Provision for contigent losses on loans and advances	119 944	96 772
	25 016 587	35 407 203
	$53 631 524	$39 364 282

a) Of this amount, $4 930 203 at March 31, 1985 and 1984, represent shares listed on the Exchange with a market value at March 31, 1985 of $4 775 076 ($6 214 140 at March 31, 1984). According to the unaudited financial statements of this firm, book value is $9 000 691 at March 31, 1985 ($8 124 170 at March 31, 1984).

b) At March 31, 1984, an investment in a wholly-owned subsidiary was recorded as an interest in a company subject to significant influence, although REXFOR was not in a position to exercise significant influence on the company's financial and administrative decisions. REXFOR has reclassified this investment as a participation at acquisition cost to comply with its accounting policies. Accordingly, this interest, recorded as an investment in a company subject to significant influence for an amount of $1 is now presented at its acquisition value written down by $1 411 999, leaving it at the same amount of $1.
This reclassification has no impact on the financial statements of former years. However, REXFOR has been in a position to exercise a significant influence on this company's financial and administrative decisions since November 17, 1984.

c) Term deposits of a subsidiary given as security for irrevocable bank letters of credit issued for a period of five years for surety purposes for its satellite company.

6. Fixed assets

	1985			1984
	Cost	Accumulated Depreciation	Net Value	Net Value
Land and development	$1 896 317	$107 532	$1 788 785	$1 579 559
Logging roads	6 793 636	1 465 380	5 328 256	3 395 650
Buildings	14 806 374	4 175 883	10 630 491	10 876 889
Machinery and equipment	27 084 079	9 871 354	17 212 725	18 975 037
Data-processing equipment	848 165	228 547	619 618	418 466
Rolling stock	6 084 444	4 112 226	1 972 218	2 503 477
Construction in progress	8 223 769		8 223 769	
	65 736 784	19 960 922	45 775 862	37 749 078
Fixed assets held under a sale-leaseback contract				
Data-processing equipment	100 902	70 630	30 272	50 452
Rolling stock	277 015	16 514	260 501	
	66 114 701	20 048 066	46 066 635	37 799 530
Government Subsidies	13 152 700	1 459 382	11 693 318	3 652 607
	$52 962 001	$18 588 684	$34 373 317	$34 146 923

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Other assets

	1985	1984
Difference in purchase price of shares over the net book value of asset acquired, depreciated	$437 406	$460 734
Start-up costs, amortized	694 622	676 140
Cost of preliminary studies for investment projects	783 414	2 268 325
Land, buildings, machinery and equipment for resale	284 375	381 950
Software development costs, amortized	755 354	660 250
Deposit — Commission de la santé et de la sécurité du travail	529 139	60 000
Other	175 618	181 788
	$3 659 928	$4 689 187

8. Bank indebtedness

Accounts receivable and inventories are put up as collateral for certain bank advances.

9. Long-term debt

	1985	1984
REXFOR:		
Advances from the Government:		
Interest-free financing for the agreement reached August 7, 1971 with Les Industries I.T.T. du Canada Ltée, payable between 1997 et 2000:		
Balance of $13 680 000 in advances, current value at 11.5% annually	$2 977 967	$2 670 822
Interest free (Re: Nouveler Inc.), to be repaid over 10 years starting the seventh year following payment of the advance, first installment due in 1988	6 500 000	5 000 000
Scierie Béarn Inc.		
Loan, variable interest rate, payable in two installments of $1 500 000 each in 1990 and 1995.	1 100 000	
Loan, variable interest rate, payable by installments of $1 500 000 in 1990 and 1995	3 000 000	
Gestion 1195 Inc.		
Mortgage loans at 11¾%, payable in monthly installments of $22 359 including capital and interest, due September 1, 1990	2 113 533	2 137 825
Énerbois Inc.		
Banker's acceptance, at 10.60%, payable in minimum annual installments of $300 000 over ten years, due in 1986	1 400 000	1 700 000
Les Produits forestiers Bellerive Ka'N'Enda Inc.		
Loan, at a variable rate of interest, payable by monthly installments beginning September 1, 1984, secured by a first mortgage due in 1993	1 870 370	2 000 000
Loan, variable interest rate, payable by monthly installments of $5 618 beginning April 1, 1986, secured by a first mortgage due in 1993	500 000	
Scierie des Outardes Enr.		
Bank loans, at variable rates, payable by monthly installments of $92 340 beginning April 1987, due in 1993	7 200 000	7 200 000
Scierie Grand Remous Enr.		
Loan, variable rate, payable by quarterly installments of $150 000 beginning November 1984, due in 1991	3 300 000	3 600 000
Proforêt Inc.		
Demand loan, 11¼%, payable in accordance with terms to be established in 1985	3 000 000	3 000 000
Loan, prime rate plus ½%, payable in accordance with terms to be established in 1985, secured by a first mortgage and by equipment pledged as collateral	1 800 000	
Les Entreprises Matabois Ltée.		
Loan secured by a first mortgage and a commercial lien, at 1% over prime, no payment terms		1 800 000
Other	2 691 716	1 986 078
	37 453 586	31 094 725
Installments due within a year	1 854 171	1 317 056
	$35 599 415	$29 777 669

Certain assets are put up as collateral for bank indebtedness.

Capital installments due over the next five fiscal years detail as follows: 1985-1986 — $1 854 171, 1986-1987 — $1 923 036, 1987-1988 — $2 608 695, 1988-1989 — $2 782 230, 1989-1990 — $2 810 127.

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

10. Capital stock

On June 20, 1984, the authorized capital stock of REXFOR was increased by $66 250 000, raising it from $58 750 000 to $125 000 000. During the fiscal year, the Société received $500 000 as payment for 5 000 shares, bringing its total issued and paid-up capital to $59 250 000.

During the next fiscal year, the Minister of Finance will pay the subscription receivable of $12 500 000 to the Société, bringing issued and paid-up capital to $71 750 000 at March 31, 1986. The balance of authorized and unsubscribed capital stock, $53 250 000, will be paid for in one or more installments with the prior approval of the Government under conditions it will set.

11. Contributed surplus

The contributed surplus mainly represents the forgiveness on June 20, 1983 of Government advances.

12. Financial charges

	1985	1984
Interest on long-term debt	$2 789 266	$1 785 452
Other interest	1 834 192	893 404
	$4 623 458	$2 678 856

13. Investment earnings

	1985	1984
Interest on term deposits	$140 022	$698 592
Interest on loans, bonds and advances	1 738 233	2 018 287
Share of earnings (losses) before extraordinary item of a limited partnership and companies subjects to significant influence	961 202	76 404
	2 839 457	2 793 283
Investments written off	71 055	
Increase in the provision for contingent losses on loans and advances	23 171	11 134
Writte-down of investment to acquisition value		1 411 999
	$2 745 231	$1 370 150

14. Extraordinary item

On December 11, 1984, a company subject to significant influence of a wholly owned subsidiary of REXFOR disposed of an intangible asset for a price of $10 000 000, represented by a note, bearing interest at the prime rate less 1½ % and secured by a bank letter of credit. The $10 000 000 note and accrued interest can be cashed only subject to certain conditions. The company subject to significant influence has pledged security for the completion of the transaction and for this purpose, has guaranteed, up to $2 000 000, the irrevocable bank letter in favour of the purchaser for a period of five years.

REXFOR's 49% share in the sale of an intangible asset		$4 900 000
Less:		
Expenses associated with the transaction	$229 309	
Deferred income taxes	887 116	1 116 425
Profit on disposition		$3 783 575

15. Funds generated (absorbed) by operations

	1985	1984
Loss excluding extraordinary item	$(3 258 727)	$(4 989 652)
Items not affecting working capital:		
Depreciation on fixed assets	4 235 665	3 473 286
Profit on disposal of fixed assets	(3 378 645)	(14 615)
Share in the losses of companies subject to significant influence	696 301	809 887
Depreciation on other assets	415 048	514 608
Amortization of bond discount charges	(315 970)	(221 497)
Other assets	149 791	
Partnership revenue in excess of cash flow	(196 723)	
Increase in the provision for contingent investment losses	23 171	11 134
Minority interests	10 531	
Revenue capitalized to investments		(435 981)
Write-down of investment		1 411 999
Funds generated (absorbed) by operations	$(1 619 558)	$559 169

16. Commitments and contingent liabilities

- Under the terms of agreements, REXFOR has gone surety for the bonds of Proforêt Inc., a wholly owned subsidiary, to cover 49 % of the operating deficit of Panval Inc., a company over which REXFOR exercises significant influence, for the period ending June 30, 1985 and 1986 by an additional subscription of capital stock or by loans or advances. The operating deficit described in the surety agreement as the total of funds absorbed by operations and the amount of current maturities of the long-term debt, amounts to $7.8 million, based on the audited financial statements of Panval Inc. at March 31, 1985. In addition, REXFOR has gone surety for a 51 % commitment of the same type made by the other partner.
- REXFOR and one of its subsidiaries are being jointly sued for the amount of $2.6 million with respect to the withdrawal of its purchase offer for the assets of a group of firms.
- REXFOR has received a legal claim of $1.4 million from a contractor for cleanup of the rivière Outardes II.
- A subsidiary has undertaken the construction of a wood processing plant and the renovation of certain installations acquired during the fiscal year. At March 31, 1985, the value of the commitments relative to this work stands at close to $15 200 000, of which $8 224 000 were completed and recorded.
- Extraordinary revenue of $3 783 573 from the disposal of an intangible asset in a transaction mentioned in Note 14 is subject to the satisfaction of certain conditions to run over a period of 5 years. In the event that these conditions could not be satisfied, this extraordinary revenue could be reduced by an equivalent amount. In addition, in regard to this transaction, a subsidiary of REXFOR has gone surety for a company over which it exercises a significant influence in favour of the purchaser of this asset for an amount not exceeding $2 000 000 by an irrevocable bank letter of credit for a period of five years.

17. Eventual tax benefit

A subsidiary has unrecorded federal investment tax credits of $2 261 935 which can be used until 1992 to offset future income tax. The tax credits will be recorded as deferred credits during the year in which the subsidiary makes use of them.

18. Related party transactions

During the fiscal year, REXFOR and its subsidiaries engaged in transactions with companies over which it exercises a significant influence during the normal course of business. These related party transactions break down as follows: Sales totalling about $8 574 000, cost of sales $940 000, other revenue $350 000, investment revenue $857 000, exceptional item from the sale of a plant $3 238 070.

19. Comparative figures

Certain figures for 1984 have been reclassified to make their presentation comparable to that adopted in 1985 and to execute the reclassification in the presentation of an investment mentioned in Note 5 (b) above.

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

R.S.Q., c. S-12

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société de récupération, d'exploitation et de développement forestiers — REXFOR, at March 31, 1985 as well as the consolidated statement of operating results, retained earnings and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing principles and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1985 as well as its operating results and change in financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal Chatelain, F.C.A.
Auditor General

Québec, June 5, 1985

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13

BALANCE SHEET

as at March 30, 1985
(in thousands of dollars)

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	8 595	7 325
Accounts receivable	9 550	6 671
Inventories, at the lesser of cost or net realization value	87 187	74 067
Expenses chargeable to next fiscal year	5 592	4 835
	110 924	92 898
FIXED ASSETS (Note 4)	47 831	47 960
ASSETS RENTED UNDER CAPITAL LEASE CONTRACTS (Note 5)	13 024	13 735
	171 779	154 593
LIABILITIES		
CURRENT LIABILITIES		
Account payable and accrued charges	37 023	39 493
Term note	28 000	9 200
Dividend	52 000	40 000
	117 023	88 693
PROVISION FOR ACCUMULATED SICKLEAVE	9 100	8 600
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 6)	15 588	15 687
	141 711	112 980
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized		
300 000 shares, $100 par value		
Issued and paid-up:		
300 000 shares	30 000	30 000
Retained earnings	68	9 613
Reserve for uninsured risks		2 000
	30 068	41 613
	171 779	154 593

On behalf of the Board of Directors,

Marcel Larocque, Director
Pierrette Dupont-Rousse, Director

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

OPERATING RESULTS
for the 52-week fiscal year ended March 30, 1985
(in thousands of dollars)

	1985	1984
SALES (Note 2)	882 911	838 524
OPERATING EXPENSES		
Cost of merchandise sold	395 740	372 936
Sales and promotion	82 738	79 128
Distribution	25 621	24 774
Administration	22 730	21 459
Pension plan contributions for past service (Note 3)	10 350	10 350
	537 179	508 647
PROFIT BEFORE INTEREST AND DEPRECIATION	345 732	329 877
Interest on short-term borrowings	569	758
Interest under terms of capital lease contracts	1 733	1 788
Depreciation on fixed assets	4 893	5 024
Depreciation on assets held under capital lease	454	467
	7 649	8 037
PROFIT BEFORE EXTRAORDINARY ITEM	338 083	321 840
EXTRAORDINARY ITEM		
Profit on sale of land	2 372	
NET PROFIT	340 455	321 840

RETAINED EARNINGS
for the 52-week fiscal year ended March 30, 1985
(in thousands of dollars)

	1985	1984
BALANCE AT THE BEGINNING	9 613	12 773
Net profit	340 455	321 840
Write-off of reserve for uninsured risks	2 000	
	352 068	344 613
Dividend to the Minister of Finance	352 000	325 000
BALANCE AT YEAR-END	68	9 613

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

CHANGE IN FINANCIAL POSITION

for the 52-week fiscal year ended March 30, 1985
(in thousands of dollars)

	1985	1984
SOURCE OF FUNDS		
Net profit	338 083	321 840
Items involving no outlay of funds:		
Depreciation on fixed assets	4 893	5 024
Depreciation on assets held under capital lease contracts	454	467
Increase in the provision for accumulated sickleave	500	700
Funds from operations	343 930	328 031
Sale of fixed assets	5 108	24
	349 038	328 055
APPLICATION OF FUNDS		
Purchase of fixed assets	7 243	4 914
Decrease in commitments under capital lease contracts	99	284
Dividends to the Minister of Finance	352 000	325 000
	359 342	330 198
DECREASE IN WORKING CAPITAL	(10 304)	(2 143)
WORKING CAPITAL AT BEGINNING	4 205	6 348
WORKING CAPITAL (DEFICIT) AT YEAR-END	(6 099)	4 205

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Main accounting practices

Inventories
The FIFO method is used in valuating the cost of inventories.

Depreciation of fixed assets
Depreciation is calculated using the straight-line method, except for depreciation of rolling stock which is calculated using the diminishing balance method. The following rates are used:

Building	2.5% and 10%
Furniture and equipment	2.8%, 5%, 6.6%, 10%, 20%, 25%, 33.3% and 50%
Rolling stock	20%, 25% and 30%
Leasehold improvements	according to the term of the lease
Paving and parking lots	4%

Depreciation of assets held under capital lease contracts
Depreciation on assets held under capial lease contracts is charged according to the straight-line method at the following rates:

Building	2.5%
Equipment	10%

2. Sales

	1985	1984
	(in thousands of dollars)	
Authorized distributors		
Sales	140 122	121 803
Discounts	(21 981)	(19 979)
Commissions		(4 857)
	118 141	96 967
Branches		
Sales	764 770	741 557
	882 911	838 524

3. Pension plan

An actuarial valuation has set liabilities with respect to service prior to December 31, 1975 at $88.8 million. The Société began reimbursing the Commission Administrative du Régime de Retraite des Fonctionnaires du Québec for this amount and related interest through 23 annual and consecutive installments of approximately $10.3 million as of December 31, 1978.

4. Fixed assets

	Cost	Accumulated Depreciation	Undepreciated cost 1985	Undepreciated cost 1984
			(in thousands of dollars)	
Land	6 277		6 277	8 405
Building	14 109	5 636	8 473	9 096
Furniture and equipment	50 742	23 222	27 520	25 188
Rolling stock	2 411	2 131	280	309
Leasehold improvements	10 952	6 430	4 522	4 573
Paving and parking lots	878	119	759	389
	85 369	37 538	47 831	47 960

5. Assets rented under capital lease contracts

	Gross Value	Accumulated Depreciation	Undepreciated value 1985	Undepreciated value 1984
			(in thousands of dollars)	
Building	16 280	3 256	13 024	13 431
Equipment				304
	16 280	3 256	13 024	13 735

6. Commitments under capital lease contracts
(in thousands of dollars)

	1985	1984
Obligation relating to the rental of a building, payable until April 11, 2012 by monthly installments of $151 658, including interest calculated at 11 %	15 687	15 776
Obligation relating to equipment rental payable in December 1984		195
	15 687	15 971
Installments during the next fiscal year	99	284
	15 588	15 687

Payments in subsequent years:
(in thousands of dollars)

	Capital	Interest	Total
1986	99	1 721	1 820
1987	111	1 709	1 820
1988	124	1 696	1 820
1989	138	1 682	1 820
1990	154	1 666	1 820
1991-2012	15 061	25 032	40 093
	15 687	33 506	49 193

7. Commitments

Under the terms of operating leases, the Société is committed to pay $56.3 million for the rent of retail outlets and certain warehouses. Payments over the next 5 years amount to:

	(in millions of dollars)
1986	11.0
1987	9.2
1988	8.2
1989	7.0
1990	5.8

8. Subsequent event

In the 1985-85 Budget Speech delivered before the National Assembly April 23, 1985, it was announced that the Société des alcools du Québec would begin to sell off its network of branches over the coming months.

9. Comparative figures

The presentation of certain items for the preceding fiscal year was changed to conform with that of the current fiscal year.

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13

AUDITORS' REPORT

Mr. Yves L. Duhaime
Minister of Finance
Shareholder of the Société des alcools du Québec

We have examined the statement of operating results, that of retained earnings and that of change in financial position of the Société des alcools du Québec for the 52-week fiscal year ended March 30, 1985, as well as the balance sheet at that date, having obtained all information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

Given the information and explanations provided to us and that shown on the books of the Société des alcools du Québec, these statements, in our opinion, accurately present the operating results and change in financial position of the corporation for the 52-week fiscal year ended March 30, 1985 as well as its financial situation on that date according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Maheu Noiseux,
Chartered Accountants

Montréal, May 3, 1985

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

R.S.Q., c. S-14

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$905 523	$1 660 958
Accounts receivable and accrued interest	299 449	167 547
Subsidies receivable	2 008 382	2 929 559
	3 213 354	4 758 064
INVESTMENTS (Note 6)	55 000	55 000
FIXED ASSETS (Note 7)	23 857 949	11 005 204
	$27 126 303	$15 818 268
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$1 537 161	$2 571 924
LONG-TERM DEBT (Note 8)	13 090 700	
DEFERRED APPROPRIATION (Note 9)	8 833 463	9 982 921
	23 461 324	12 554 845
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized: 100 000 shares, $100 par value		
Issued and paid-up: 15 000 shares	1 500 000	1 500 000
SURPLUS	2 164 979	1 763 423
	3 664 979	3 263 423
	$27 126 303	$15 818 268

COMMITMENTS AND SUBSEQUENT EVENT (Notes 10 and 12)

On behalf of the Board of Directors,

Jacques Clermont
Jean-Yves Gagnon

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1985

	1985	1984
EXPENDITURE		
Operating expenses	$18 697 564	$18 908 580
General and administrative expenses	3 361 771	2 844 144
Depreciation on fixed assets	1 359 175	1 436 764
	23 418 510	23 189 488
REVENUE		
Ferrying of vehicles	3 996 708	4 096 253
Ferrying of pedestrians	3 038 619	2 680 484
Other (Note 3)	465 918	609 515
	7 501 245	7 386 252
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOVERNMENT PARTICIPATION AND EXTRAORDINARY ITEMS	15 917 265	15 803 236
Government participation (Note 4)	15 225 617	16 998 238
SURPLUS EXPENDITURE OVER REVENUE AND GOVERNMENT PARTICIPATION BEFORE EXTRAORDINARY ITEMS	691 648	(1 195 002)
Extraordinary items (Note 5)	1 093 204	
SURPLUS REVENUE AND GOVERNMENT PARTICIPATION OVER EXPENDITURE	401 556	1 195 002
SURPLUS AT THE BEGINNING	1 763 423	568 421
SURPLUS AT YEAR-END	$2 164 979	$1 763 423

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1985

	1985	1984
SOURCE OF FUNDS		
Surplus revenue and government participation over expenditure before extraordinary items		$1 195 002
Items requiring no outlay of funds:		
Depreciation on fixed assets		1 436 764
Loss on disposal of fixed assets		864
Transfer of deferred appropriation		(1 324 131)
Funds from operations		1 308 499
Proceeds from disposal of fixed assets	$851 315	470
Government participation — endowment of fixed assets (consideration)	133 545	686 135
Long-term borrowings	13 090 700	
Recoveries		
Property and business taxes	184 832	
Federal sales tax	152 844	
	14 413 236	1 995 104
APPLICATION OF FUNDS		
Surplus expenditure over revenue and government participation before extraordinary items	691 648	
Items not affecting funds		
Depreciation of fixed assets	(1 359 175)	
Loss on disposal of fixed assets	(87)	
Transfer of deferred credit	1 283 003	
Funds allocated to operations	615 389	
Acquisition of fixed assets	14 174 249	422 321
Assets acquired through Government of Canada endowment (consideration)	133 545	686 135
	14 923 183	1 108 456
INCREASE (DECREASE) IN WORKING CAPITAL	(509 947)	886 648
WORKING CAPITAL AT THE BEGINNING	2 186 140	1 299 492
WORKING CAPITAL AT YEAR-END	$1 676 193	$2 186 140

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and purpose

The Société des traversiers du Québec is a joint-stock company founded under a special Act whose shares form part of the public domain of the Province of Québec and are assigned to the Minister of Finance. The purpose of the Société is to provide ferry-boat transportation on rivers and lakes in Québec.

2. Accounting policies

The Société's financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

Fixed assets acquired by endowment have been valued at initial cost or according to appraised value or at that set by municipal valuation. Other fixed assets are recorded at cost. Depreciation of fixed assets is calculated as follows:

	Rate	Method
Quays	5 %	Diminishing balance
Buildings	10 %	
Ships	15 %	
Furniture and equipment	20 %	
Rolling stock	30 %	
Leaseholds improvements	—	Term of lease

Deferred appropriation — Government participation toward the acquisition of fixed assets

The value assigned to assets acquired by endowment or specific subsidies is recorded as deferred appropriation and transferred to the statement of operating results when depreciation is charged on these assets.

Recovery from insurers

Amounts from insurers covering accidents caused by Société vessels are recorded when cashed.

3. Other revenue

	1985	1984
Interest on bank deposits	$336 958	$161 633
Dividends	31 350	27 500
Parking and miscellaneous	35 939	45 382
Vending machines	53 189	51 711
Recovered from insurers on accident claims involving vessels	8 569	174 153
Vessel rental		150 000
Loss on disposal of fixed assets	(87)	(864)
	$465 918	$609 515

4. Government participation

	1985	1984
Government of Québec		
— Operations	$13 942 614	$15 674 107
— Acquisition of fixed assets Transfer of deferred appropriation (Note 9)	1 211 832	1 324 131
	15 154 446	16 998 238
Government of Canada		
— Acquisition of fixed assets Transfer of deferred appropriation (Note 9)	71 171	
	$15 225 617	$16 998 238

5. Extraordinary items

	1985
Profit on disposal of ship	$755 528
Property and business taxes recoverable as a result of a Superior Court judgment	184 832
Recovery of federal sales tax on fuel used by ships for heating and electricity	152 844
	$1 093 204

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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6. Investment

This item is an endowment from the Government to the Société and represents the initial of 55 000 class "A" common shares of 767 500 shares issued by Compagnie de gestion de Matane Inc.

7. Fixed assets

	1985				1984
	Fixed assets				
	Acquired by Endowment	Other	Accumulated Depreciation	Net	Net
Land	$64 794	$18 145		$82 939	$82 939
Wharves	3 771 913	73 429	$1 704 307	2 141 035	2 253 721
Buildings	1 509 177	361 585	621 086	1 249 676	1 241 135
Vessels*	22 083 957	14 528 343	17 136 393	19 475 907	6 937 672
Furniture and equipment	24 916	450 353	265 885	209 384	140 254
Rolling stock		29 659	15 500	14 159	9 695
Leasehold improvements	215 930	504 801	35 882	684 849	339 788
	$27 670 687	$15 966 315	$19 779 053	$23 857 949	$11 005 204

Harbour installations — harbour sheds and wharves at Matane and Godbout belong to the Government and are placed free of charge at the disposal of the Société.

* At March 31, 1985, this item includes costs relating to the modernization program currently in progress for the fleet of ships, including $13 182 119 for the construction of ships and $551 528 for the modernization of the Radisson. No depreciation has been calculated on these costs.

8. Long-term debt

	1985
Debt relative to the program in progress to modernize the fleet of ships	
Bank loan	$11 919 000
Security withholdings	1 171 700
	$13 090 700

These interim loans will be replaced by long-term refinancing when the construction and repair work is completed.

9. Deferred appropriation

Government participation toward the acquisition of fixed assets:

	1985	1984
(a) Government of Québec		
Balance at the beginning	$9 296 786	$10 620 917
Transferred to the statement of operating results:		
Depreciation on fixed assets	1 127 134	1 324 131
Undepreciated balance on fixed assets disposed of during the fiscal year	84 698	
Balance at year-end	8 084 954	9 296 786
b) Government of Canada		
Balance at the beginning	686 135	
Participation during the fiscal year	133 545	686 135
	819 680	686 135
Transfer tro the statement of revenue and expenditure equal to the following amount:		
Depreciation of fixed assets	71 171	
Balance at year-end	748 509	686 135
	$8 833 463	$9 982 921
Itemized balance:		
Land	$64 794	$64 794
Wharves	2 087 057	2 196 902
Buildings	1 003 830	1 024 778
Vessels	5 467 681	6 517 263
Furniture and equipment	4 967	6 210
Leasehold improvements	205 134	172 974
	$8 833 463	$9 982 921

10. Commitments

Long-term leasing

The Société has signed lease contracts for the rental of two vessels it operates:

1 - (a) The minimum length of the lease is fifteen years, ending on April 10, 1995. The Société may extend the term for another five years if it chooses not to exercise its purchase option;
  (b) basic rental is payable in thirty installments of $329 092 semi-annually, adjusted according to fluctuations in the prime rate of three given chartered banks above or belows 15 $^{3}/_{4}$%;
  (c) the Société can exercise its option to buy the vessel on April 10, 1995 for the price of $850 680 or on April 10, 2000 for $400 320, should the lease be extended.

2 - (a) the minimum length of the lease is ten years, ending on July 9, 1990. The Société has an option to extend the term for another six years;
  (b) semi-annual rental has been set at $313 638;
  (c) the Société may exercise its purchase option on July 10, 1990 for the price of $2 998 800 or on July 10, 1995 for $849 660, should the lease be extended.

Total amounts to be paid under the lease agreements come to $9 663 261. Rental charges on the two vessels charged to operating expenditure for the fiscal year amount to $1 196 527.

Contract to lease quarters

The Société has signed a lease for an initial term of 20 years with renewal option to lease the intermodal terminal in Lévis.

The annual rent is set at 33$^{1}/_{3}$ % of operating expenses and the minimum total future payments required for the initial 20-year period are estimated at $502 000. Rent charged to expenditure for the fiscal year is $21 454.

Modernization of the fleet of ships

As part of the modernization of its fleet, the Société has been authorized by the Government of Québec to allocate an amount of about $3.9 million for a major refitting of the Radisson, and to build two ferries at a total cost of about $28.3 million, before a subsidy from the Government of Canada of about $1.7 million.

At March 31, 1985, contracts have been awarded for a total value of $27.7 million, and costs at that date total $13.7 million.

11. Sickleave

Accumulated sickleave for employees at year-end not shown on the financial statements amount to an estimated $620 000 (609 000 at March 31, 1984).

12. Subsequent event

In his 1985-1986 Budget Speech, the Minister of Finance of Québec announced the abolition, as of April 25, 1985, of tolls on government ferries providing service to islands in the Saint Lawrence, namely, Ile-aux-Coudes and Ile-aux-Grues. Similarly, he abolished the fees required from users for annual passes on all other vessels operated by the Société.

For the fiscal year ended March 31, 1985, revenue from these sources amounted to $790 000.

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

R.S.Q., c. S-14

AUDITOR'S REPORT

I have examined the balance sheet of the Société des traversiers du Québec as at March 31, 1985 and the statement of revenue, expenditure and surplus and that of change in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial situation of the Société as at March 31, 1985 as well as its operating results and change in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 21, 1985

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

BALANCE SHEET

as at January 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	$350 412	$34 017
Accounts receivable (Note 3)	21 018	112 380
Contract deposits		46 591
Chargeable to the next fiscal year	2 991	1 190
	374 421	194 178
FIXED ASSETS (Note 4)	164 984	188 964
ASSETS LEASED UNDER A SALE-LEASEBACK CONTRACT		
Computer equipment, at cost	46 555	
Accumulated depreciation	9 311	
	37 244	
	$576 649	$383 142
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges (Note 5)	$154 473	$259 055
Deferred subsidy (Note 6)	200 000	
Payments under obligations arising from a sale-leaseback contract expiring during the next fiscal year	11 913	
	366 386	259 055
OBLIGATION ARISING FROM A SALE-LEASEBACK CONTRACT (Note 7)	27 733	
	394 119	259 055
EQUITY		
SURPLUS	182 530	124 087
	$576 649	$383 142

On behalf of the Board of Directors,

André Bachand
Pierre Cazalis
Directors

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

REVENUE, EXPENDITURE AND SURPLUS

for the fiscal year ended January 31, 1985

	1985 (12 months)	1984 (8 months)
REVENUE		
Subsidies, from the Government	$1 350 000	$750 000
Management fees, from the Government	32 000	31 500
Interest and other revenue	27 603	28 953
Project	14 028	
Recovery of expenditure from previous year	1 906	
	1 425 537	810 453
GENERAL AND ADMINISTRATIVE EXPENSES (see p. 372)	1 367 094	686 366
NET REVENUE	58 443	124 087
SURPLUS AT THE BEGINNING	124 087	
SURPLUS AT YEAR-END	$182 530	$124 087

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

CHANGE IN FINANCIAL POSITION
for the fiscal year ended January 31, 1985

	1985 (12 months)	1984 (8 months)
SOURCE OF FUNDS		
Net revenue	$58 443	$124 087
Items involving no outlay of funds:		
Depreciation on fixed assets	39 089	28 520
Depreciation of assets leased under a sale-leaseback contract	9 311	
Loss on sale of assets		697
Funds generated from operations	106 843	153 304
Sale of fixed assets		8 400
	106 843	161 704
Item not affecting working capital:		
Obligation arising from a sale-leaseback contract	46 555	
	153 398	161 704
APPLICATION OF FUNDS		
Purchase of fixed assets	15 109	226 581
Decrease in obligation arising from sale-leaseback contract	18 822	
	33 931	226 581
Item not affecting working capital:		
Assets leased under a sale-leaseback contract	46 555	
	80 486	226 581
INCREASE (DECREASE) IN WORKING CAPITAL	$72 912	$(64 877)

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

NOTES TO FINANCIAL STATEMENTS

at January 31, 1985

1. Accounting practice

Depreciation of fixed assets

Depreciation is charged on fixed assets using the declining balance method, except in the case of leasehold improvements where the straight-line method is used over the ten-year term of the lease. Rates are as follows:

Office furniture and equipment	20%
Data-processing equipment	30%

Depreciation of assets leased under sale-leaseback contract

Depreciation of computer equipment is calculated using the diminishing balance method, and a rate of 30%.

2. Nature of activities

The Société is a non-profit agency which aims to promote the distribution of Québec's educational resources and carry out educational projects outside of Québec.

3. Accounts payable

	1985	1984
Government of Québec		$101 126
Employees	$1 500	2 854
Selling price balance on assets	5 600	8 400
Other	13 307	
Deposits	611	
	$21 018	$112 380

4. Fixed assets

	Cost Price	Accumulated Depreciation	1985 Unamortized Cost	1984 Unamortized Cost
Office furniture and equipment	$154 969	$45 256	$109 713	$124 796
Data-processing equipment	37 646	16 563	21 083	30 117
Leasehold improvements	39 978	5 790	34 188	34 051
	$232 593	$67 609	$164 984	$188 964

5. Accounts payable and accrued expenses

	1985	1984
Payables	$54 813	$197 308
Wages	96 060	48 847
Accrued expenses	3 600	12 900
	$154 473	$259 055

6. Deferred subsidy

	1985	1984
Subsidy received in advance for the fiscal year ended January 31, 1986	$200 000	

7. Obligation arising from a sale-leaseback contract

	1985	1984
Obligation relating to leasing computer equipment, payable until June 15, 1987 by monthly installments of $1 473 including interest calculated at 11.6%	$39 646	
Payments falling due in the coming fiscal year	11 913	
	$27 733	

Payments for the next 3 fiscal years, including $10 132 in interest, amount to: 1985, $17 672; 1986, $17 672; and 1987, $14 434.

8. Related party transactions

During the fiscal year, the Société enjoyed the services, at no charge, of personnel employed by the ministère de l'Éducation du Québec for an amount of $406 791 (1983: $187 098), representing the equivalent of about 82 months of resource persons.

9. Commitments

Payments relating to an operating lease contract for administrative offices in Montréal expiring April 30, 1993 total $904 013, and are distributed over the next five fiscal years as follows: 1986, $88 452; 1987, $88 452; 1988, $88 452; 1989, $88 452 and 1990, $107 435.

Payments under an operating lease contract for quarters in Québec, maturing June 30, 1990, total $204 010 and are distributed over the next five fiscal years as follows: 1986, $21 642; 1987, $35 547; 1988, $42 972; 1989, $42 972; 1990, $42 972.

10. Comparative figures

The presentation of certain items from the preceding fiscal year has been altered for consistency with this year's presentation.

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

ADDITIONAL INFORMATION

for the fiscal year ended January 31, 1985

GENERAL AND ADMINISTRATIVE EXPENSES

	General administration	Administration	Marketing, International Affairs
Wages and salaries and fringe benefits	$179 161	$95 448	$235 298
Severance pay			36 156
Extrenal and consulting services	15 402	33 529	60 758
Professional development and conferences	496	810	1 896
Directors' fees	18 600		
Receptions	33	310	428
Sales	15 799	562	31 101
Travel	23 274	7 619	73 181
Equipment		2 585	
Rental of building		110 783	
Equipment rental		30 681	
Insurance		1 796	
Interest and bank charges		3 453	
Interest on sale-leaseback contract		4 873	
Communications		41 821	
Postal and courier services		7 260	
Electricity		2 641	
Office equipment		16 679	
Maintenance and repairs		6 139	
Subscriptions and publications		2 172	
Taxes		26 471	
Advertising	38		346
Depreciation of fixed assets		39 089	
Depreciation of assets leased under a sale-leaseback contract		9 311	
Loss on sale of assets			
	$252 803	$444 032	$439 164

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

ADDITIONAL INFORMATION
for the fiscal year ended January 31, 1985

GENERAL AND ADMINISTRATIVE EXPENSES

Public affairs	Projects	12 months 1985 Total	8 months 1984 Total
$58 286	$97 362	$665 555	$207 061
		36 156	
2 010	7 523	119 222	158 858
128	560	3 890	1 273
		18 600	8 933
2 679		3 450	5 070
11 197	5 548	64 207	18 907
16 887	14 901	135 862	132 355
		2 585	478
		110 783	34 973
		30 681	16 369
		1 796	170
		3 453	1 167
		4 873	
		41 821	20 317
		7 260	2 105
		2 641	856
		16 679	25 538
		6 139	629
		2 172	14 972
		26 471	7 118
14 014		14 398	
		39 089	28 520
		9 311	
			697
$105 201	$125 894	$1 367 094	$686 366

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

AUDITORS' REPORT

To members of the Board of Directors
of the Société d'exploitation des ressources
éducatives du Québec (SEREQ):

We have examined the statements of revenue and expenditure and surplus, and of the change in the financial position of the Société d'exploitation des ressources éducatives du Québec (SEREQ) for the fiscal year ended January 31, 1985, as well as the balance sheet at that date, and have obtained all the information and explanations asked for. Our examination was conducted in accordance with generally accepted auditing principles, and accordingly included such tests and other procedures as we deemed necessary under the circumstances.

In our opinion, based on the information and explanations supplied to us and indicated in the accounting records of the Société, these financial statements accurately present the revenue and expenditure and change in the financial position on that date, according to generally accepted accounting principles, applied in a manner consistent with the preceding fiscal year.

Maheu Noiseux,
Chartered Accountants

Montréal, March 5, 1985

SOCIÉTÉ D'HABITATION DU QUÉBEC

R.S.Q., c. S-8

BALANCE SHEET

as at December 31, 1984

(in thousands of dollars)

	1984	1983 (Note 13)
ASSETS		
Loans and advances (Note 3)	595 835	595 900
Residential buildings (Note 4)	927 254	844 501
Accounts receivable		
Canada Mortgage and Housing Corporation	79 398	75 312
Other	3 863	3 436
Cash	110	5 118
	1 606 460	1 524 267
LIABILITIES		
Borrowings (Note 5)	1 553 446	1 481 119
Accounts payable (Note 6)	48 710	34 983
Insurance Fund	4 164	3 502
	1 606 320	1 519 604
SURPLUS	140	4 663
	1 606 460	1 524 267

COMMITMENTS (Note 12)

On behalf of the Société,

Bernard Angers
Jean-Luc Lesage

SOCIÉTÉ D'HABITATION DU QUÉBEC

OPERATING RESULTS

for the fiscal year ended December 31, 1984

(in thousands of dollars)

	1984	1983 (Note 13)
REVENUE		
Program financing (Note 8)		
Government of Québec	178 671	141 484
Canada Mortgage and Housing Corporation	94 959	86 191
	273 630	227 675
Recovery — debt servicing charged to low-rental housing program	101 323	91 052
Interest on loans and advances	52 807	48 838
	427 760	367 565
EXPENDITURE		
Cost of programs (Note 8)	254 618	213 834
Administrative expenses (Note 9)	19 012	13 841
	273 630	227 675
Interest on borrowings	147 868	137 039
	421 498	364 714
REVENUE EXCLUDING THE FOLLOWING ITEMS	6 262	2 851
Loss on disposal of assets (Note 10)	4 903	
Additional cost relating to recycling a group of fixed assets paid out over former fiscal years		2 750
NET REVENUE FOR THE FISCAL YEAR	1 359	101

SURPLUS

for the fiscal year ended December 31, 1984

(in thousands of dollars)

	1984	1983
BALANCE AT THE BEGINNING	4 663	7 244
Net revenue for the fiscal year	1 359	101
	6 022	7 345
Transfer to the Consolidated Revenue Fund (Note 7)	5 882	2 682
BALANCE AT YEAR-END	140	4 663

SOCIÉTÉ D'HABITATION DU QUÉBEC

FINANCIAL ACTIVITIES
for the fiscal year ended December 31, 1984

(in thousands of dollars)

	1984	1983 (Note 13)
SOURCE OF FINANCIAL RESOURCES		
Net revenue for the fiscal year	1 359	101
Depreciation on residential buildings	1 368	919
Loss on disposal of assets (Note 10)	4 355	
Additional cost relating to recycling a group of fixed assets paid out over former fiscal years		2 750
Funds from operations	7 082	3 770
New borrowings	481 852	764 004
Repayments on loans and advances	6 665	9 896
Disposal of assets	161	
Decrease in accrued interest on loans and advances	1 853	3 557
Increase in amount owed the Insurance Fund	662	895
Increase (decrease) in accounts payable	13 727	(20 795)
Decrease (increase) in cash position	5 008	(3 162)
	517 010	758 165
APPLICATION OF FINANCIAL RESOURCES		
New investments		
Loans and advances	8 453	2 664
Residential buildings	88 637	86 691
Repayment of borrowings	407 677	681 740
Transfer to the Consolidated Revenue Fund	5 882	2 682
Decrease in accrued interest on borrowings	1 848	4 327
Increase (decrease) in accounts receivable	4 513	(19 939)
	517 010	758 165

SOCIÉTÉ D'HABITATION DU QUÉBEC

INSURANCE FUND

BALANCE SHEET

as at December 31, 1984
(in thousands of dollars)

	1984	1983
ASSETS		
Cash	3	
Accounts receivable		
Société d'habitation du Québec	4 164	3 502
Participating agencies		103
	4 167	3 605
LIABILITIES		
Claims under settlement	1 208	331
Premiums received in advance	2	
Fund balance	2 957	3 274
	4 167	3 605

CHANGE IN THE INSURANCE FUND

for the fiscal year ended December 31, 1984
(in thousands of dollars)

	1984	1983
Revenue		
Premiums	681	628
Interest	442	324
	1 123	952
Claims	1 440	376
SURPLUS CLAIMS OVER REVENUE FOR THE FISCAL YEAR	317	(576)
FUND BALANCE AT THE BEGINNING	3 274	2 698
FUND BALANCE AT YEAR-END	2 957	3 274

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

(in thousands of dollars)

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1. Constitution and purpose

Incorporated under a special Act, the Société d'habitation du Québec, has been given the task of promoting municipalities' land servicing, facilitating the access of Québec citizens to residential property and making low rental housing available to them.

Since 1979, the Société has been administering an Insurance Fund covering accidental losses to its housing units and those of municipal housing offices. Individual losses over $500 000 are not covered by the Fund and are borne on an equal basis by Canada Mortgage and Housing Corporation and the Société d'habitation du Québec under the terms of agreements between these agencies.

2. Accounting policies

Société financial statements were prepared by management according to generally accepted accounting principles, within the bounds of particular practices described below.

(a) Residential buildings

i. Residential buildings belonging to the Société are recorded at cost.

In the case of property acquired following default of payment, its cost is recorded as the outstanding balance of the loan and accrued interest to the date of surrender plus expenses incurred at the time of takeover.

Where Société housing construction is concerned, interest and administrative charges are added to other costs incurred up to the date of the building's operation.

ii. Depreciation is charged on residential buildings according to the rate the principal is repaid on loans taken out for their acquisition, generally over a period of thirty-five to fifty years. The amount charged includes amortization of the cost of land, buildings and facilities. No depreciation is charged with respect to residential buildings not yet subject to loan repayment.

(b) Housing loans

There is no provision for non-recovery of interest on housing loans where payments are in arrears since such interest is included in the cost of acquiring property upon default.

(c) Program financing

Participation by the Government and the CMHC is recorded on the books where related expenditure is also entered. Government of Québec participation is represented by its gross contributions to funding Société program expenditure, less that recoverable from the Canada Mortgage and Housing Corporation under the terms of agreements.

(d) Recovery — debt servicing charged to the low-rental housing program

The cost of servicing debt which the Société must assume on borrowings taken out to finance residential buildings which are managed by its agent, to wit municipal housing offices, Northern municipalities and the Société de gestion immobilière SHQ, is generally recovered from grants paid to these agents.

e) Cost of programs

Low-rental housing program

The cost of the low-rental housing program is established on the basis of budgets prepared by agencies concerned and approved by the Société or prepared by the Société itself, as the case may be.

The cost includes any retroactive adjustments required following Société study of agencies' audited financial statements.

Rent supplement program

When the rent supplement program is applied to organizations, the cost of the program is recorded as of the time an application for subsidies is submitted by the organizations involved and approved by the Société. This cost also includes modifications referring to previous fiscal years, resulting from the analysis and approval by the Société of the required financial statements.

When funds are granted to individuals under the program, the Société records them in accordance with the accounting policy applicable to "other programs".

Corvée-Habitation

For the fiscal year ended December 31, 1984, the Société share of the cost of this program corresponds to 60 % of the subsidies granted by the Fonds de relance de la construction domiciliaire (Housing construction recovery fund), set up under the Act to promote housing construction.

Other programs

The cost of each of these programs is recorded in the books to the extent that applications for subsidies have been approved by the Société or its agent, if applicable, and the resulting payments are due before the end of the fiscal year in question.

(f) Administrative expenses

Sums required to cover administration are taken from appropriations voted annually for that purpose by the National Assembly; under the National Housing Act, the Canada Mortgage and Housing Corporation defrays a portion of these charges. The acquisition of supplies and equipment is charged to operating expenditure in accordance with Government accounting practice.

The cost of fringe benefits to Société employees as well as support services such as telephone, office space, data processing, etc. paid from the various departments' appropriations are not shown on the statement of revenue and expenditure.

3. Loans and advances

	1984	1983
Mortgage loans — $6\frac{7}{8}\%$ to $15\frac{1}{8}\%$ payable by monthly or annual installments	543 083	546 627
Loans without mortgage security — $6\frac{7}{8}\%$ to 14.58%, payable by monthly installments	14 523	10 431
Bonds — $6\frac{7}{8}\%$ to $9\frac{5}{8}\%$, payable annually	18 503	16 997
Advances	9 859	10 125
Accrued interest	9 867	11 720
	595 835	595 900

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984
(in thousands of dollars)

4. Residential buildings

	1984			1983
	At Cost	Accumulated Depreciation	Amortized Cost	Amortized Cost
Completed residential buildings	816 264	2 250	814 014	733 930
Housing under construction	65 344		65 344	61 779
Acquired property	49 714	1 818	47 896	48 792
	931 322	4 068	927 254	844 501

5. Borrowings

	1984	1983
Government of Québec		
Bonds — 6¼% to 15.98%, payable in annual and semi-annual installments over periods up to 50 years and redeemable before maturity	128 339	134 652
Advances	5 200	6 530
Accrued interest	7 239	9 915
	140 778	151 097
Canada Mortgage and Housing Corporation		
Bonds — 6⅛% to 11%, payable in annual and semi-annual installments over periods of up to 50 years and redeemable before maturity	882 024	883 008
Mortgage loans — 3½% to 7⅛% payable in monthly installments over periods of up to 50 years	2 074	2 181
Advances		26
Accrued interest	50 274	50 330
	934 372	935 545
Other		
Bonds — 12⅛% to 16¼%, payable from 1985 to 1991, guaranteed by CMHC	319 211	319 716
Term borrowings — 13.833% to 14.58% generally payable by annual installments maturing in 1989 and 1992	8 992	
Temporary financing		
Guaranteed by the Government of Québec	105 799	55 921
Other	24 569	
Accrued interest	19 725	18 840
	478 296	394 477
	1 553 446	1 481 119

The amount of principal payments to be made over the next five fiscal years on bonds, mortgage loans and term borrowings is as follows:

1985	7 030
1986	7 324
1987	7 552
1988	8 009
1989	8 127

6. Accounts payable

	1984	1983
Corvée-Habitation	20 314	
Contrators and suppliers	15 456	9 498
Government of Québec	5 381	13 686
Recipients of subsidies and miscellaneous	4 436	8 568
Holdbacks on construction contracts	3 123	3 231
	48 710	34 983

7. Transfer to the Consolidated Revenue Fund

The Société passed a resolution approving the remittance of $5 882 000 in revenue to the Government, most of which is derived from CMHC contributions toward financing the low-rental housing program.

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984
(in thousands of dollars)

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8. Cost and financing of programs administered by the Société

	1984			1983		
		FINANCING			FINANCING	
PROGRAMS	COST	GOVERNMENT OF QUÉBEC	CHMC*	COST	GOVERNMENT OF QUÉBEC	CHMC*
Low-rental housing						
Municipal housing board buildings	41 584	17 633	23 951	42 738	20 298	22 440
Residential buildings of the Société managed by agents	105 792	36 599	69 193	103 236	40 209	63 027
	147 376	54 232	93 144	145 974	60 507	85 467
Assistance to individuals						
Rent supplements	5 642	4 112	1 530	6 530	3 967	2 563
Corvée-Habitation	20 314	20 314				
Assistance to facilitate home ownership	33 290	33 290		26 997	26 997	
Shelter aid for the eldery	6 843	6 843		7 418	7 418	
Family Housing Act	1 506	1 506		1 923	1 923	
Temporary relocation of urea formaldehyde (MIUF) victims	12	12		115	115	
	67 607	66 077	1 530	42 983	40 420	2 563
Assistance to community agencies and for renovation						
Aid to rental housing cooperatives	10 572	10 572		8 040	8 040	
Municipal land servicing	226	102	124	9 758	9 339	419
Québec Assistance for residential renovation	14 480	14 480				
Residential building restoration	141	141		3 186	3 186	
Assistance for home renovation	13 916	13 916		3 393	3 393	
Acquisition and improvement of Angus lands	300	300		500	500	
	39 635	39 511	124	24 877	24 458	419
Cost of programs	254 618	159 820	94 798	213 834	125 385	88 449
Administrative expenses (Note 9)	19 012	18 851	161	13 841	16 099	(2 258)
		178 671	94 959		141 484	86 191
Total cost	273 630	273 630		227 675	227 675	

* Canada Mortgage and Housing Corporation

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1984

(in thousands of dollars)

9. Administrative expenses

	1984	1983
Wages, salaries and other remuneration	14 887	12 591
Transportation and communications	1 303	884
Professional, administrative and other services	2 739	1 695
Entretien et réparations	69	34
Rent	126	167
Supplies	835	490
Furnishings and equipment	226	172
Various subsidies	147	306
Other	15	27
	20 347	16 366
Less:		
Charges to construction cost of residential buildings	1 212	2 296
Administrative expenses assigned to the Société de gestion immobilière SHQ	123	229
	19 012	13 841

10. Loss on disposal of assets

Loss on disposal of the Maison du Bon Pasteur	4 355*
Adjustments to accounts receivable	548
	4 903

* Because of the high cost of converting the building known as the "Maison du Bon Pasteur" for housing purposes, budgetary constraints experienced by the Société and in order to reduce the number of parties involved in this project, the Société was authorized to assign this building to the City of Montréal for a nominal value of $1.00, generating a loss of $4 355 thousand, and to use its surplus revenue to pay off loans contracted in regard to this building.

11. Société de gestion immobilière SHQ

The Société d'habitation du Québec has mandated the Société de gestion immobilière SHQ to administer certain of its buildings. The net operating budget allocated to this agent for the current fiscal year amounts to $2.5 million. Financing is provided by Canada Mortgage and Housing Corporation, $1.8 million, and the Government of Québec, $0.7 million. These financial results are included in the statement of results of the Société d'habitation du Québec.

12. Commitments

Construction

Société commitments toward contractors for work on current projects amount to $54 million at December 31, 1984 (1983: $29.3 million).

Subsidies payable

— Société commitments under the program of subsidies toward home renovation break down as follows for the next five fiscal years:

Fiscal year	Commitments
1985	16 656
1986	10 678
1987	10 678
1988	10 498
1989	7 756

— Société commitments under the Family Housing Act amount to $8 million at December 31, 1984 (1983: $10.2 million).

— Commitments of the Société under the Québec program to encourage residential renovation amounted to $19 million at December 31, 1984.

13. Comparative figures

Certain 1983 figures were reclassified for comparaison purposes with the 1984 presentation.

SOCIÉTÉ D'HABITATION DU QUÉBEC

R.S.Q., c. S-8

AUDITOR'S REPORT

I have examined the balance sheet of the Société d'habitation du Québec as at December 31, 1984 and the statements of surplus, income, changes in financial position and the statement of the Insurance Fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at December 31, 1984 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 13, 1985

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

R.S.Q., c. S-14.01

BALANCE SHEET

as at August 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash		$556 794
Accounts receivable	$390 289	283 959
Advances to a theatre company	126 182	150 000
Advance to an executive (Note 3)	5 980	
Inventories	67 477	56 588
Prepaid expenses	27 908	47 027
	617 836	1 094 368
FIXED ASSETS (Note 4)	1 181 247	151 227
	$1 799 083	$1 245 595
LIABILITIES		
CURRENT LAIBILITIES		
Outstanding cheques less cash balance	$132 247	
Bank loan	850 115	
Deposits — rent and ticket sales	597 152	$477 897
Accounts payable and accrued interest	633 998	284 467
Subsidy received in advance		605 883
	2 213 512	1 368 247
DEFICIT	414 429	122 652
	$1 799 083	$1 245 595

COMMITMENTS (Note 6)

On behalf of the Société,

Christine Piette
Lise Julien

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended August 31, 1984

	1984	1983
REVENUE		
Rent	$772 757	$956 018
Share of ticket sales	287 091	290 068
Ancillary services (Note 9)	640 349	751 654
Stage productions	697 055	289 962
Gain on disposal of fixed assets		20 616
	2 397 252	2 308 318
EXPENDITURE		
Administrative services (Note 7)	732 354	522 937
Support services (Note 8)	1 471 038	1 392 476
Ancillary services (Note 9)	852 813	1 158 426
Stage productions	1 058 707	508 785
	4 114 912	3 582 624
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOVERNMENT SUBSIDY	1 717 660	1 274 306
SUBSIDY FROM THE GOVERNMENT	1 425 883	1 367 034
SURPLUS EXPENDITURE OVER REVENUE AND SUBSIDY	291 777	(92 728)
DEFICIT AT THE BEGINNING	122 652	215 380
DEFICIT AT YEAR-END	$414 429	$122 652

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended August 31, 1984

	1984	1983
SOURCE OF FUNDS		
Government of Québec subsidy	$1 425 883	$1 367 034
Proceeds of disposal of fixed assets		29 350
	1 425 883	1 396 384
APPLICATION OF FUNDS		
Surplus of expenditure over revenue before Government of Québec subsidy	1 717 660	1 274 306
Items not affecting working capital		
Depreciation of fixed assets	(35 931)	(79 892)
Gain on disposal of fixed assets		20 616
Funds used for operations	1 681 729	1 215 030
Acquisition of fixed assets	1 065 951	220 738
	2 747 680	1 435 768
DECREASE IN WORKING CAPITAL	1 321 797	39 384
WORKING CAPITAL AT THE BEGINNING	273 879	234 495
WORKING CAPITAL AT YEAR-END	$1 595 676	$273 879

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at August 31, 1984

1. Constitution and purpose

A corporation within the meaning of the Civil Code and founded by a special Act, the Société du Grand Théâtre de Québec has been given responsibility for administering the Grand Théâtre de Québec and for staging entertainment.

2. Accounting policies

Société financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows.

Inventories

Inventories are valued at the lesset of cost price or net realization value. Cost is determined according to the FIFO method.

Fixed assets

Fixed assets are recorded at cost. Cost of technical stage equipment includes material, direct labour, indirect expenses and interim financing expenses.

Technical stage is depreciated based on the repayment of the long-term debt associated with it. Other fixed assets are depreciated using the straight-line method at the following annual rates:

Office furniture	20 %
Communications system	50 %
Lighting control	50 %
Leasehold improvements	100 %
Tools and equipment	100 %

Expenditure assumed by the Government

The premises occupied by the Société are the property of the Government, which assumes the cost of municipal taxes and major repairs. The Société is responsible for maintenance.

3. Advance to an executive

On May 16, 1984, an amount of $7 810 was advanced to an executive of the Société. The advance was repayable in weekly instalments of $150 and was paid off on November 6, 1984, including interest calculated on the basis of the rate on the Société's bank loans.

4. Fixed assets

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Office furniture	$135 418	$135 418		
Communication system	18 637	18 637		
Lighting control	33 321	33 321		$16 660
Leasehold improvements	199 380	199 380		
Tools and equipment	93 103	93 103		
	479 859	479 859		16 660
Technical stage equipment*	1 181 247		$1 181 247	134 567
	$1 661 106	$479 859	$1 181 247	$151 227

* The Government of Québec has authorized the Société to undertake certain expenditures relating to the renewal and improvement of technical stage equipment. This project, whose cost is estimated at $3.4 million, should extend over a period of three years, ending in 1985. Terms of long-term financing have not yet been determined.

5. Premises

The building housing the Grand Théâtre de Québec is the property of the Government and no rent is charged the Société. The lease which expired September 30, 1980 has not been renewed.

6. Commitments

Accumulated sick leave and vacation

Under the labour agreement with permanent employees, sick days accumulated as at December 31 1976 are payable at 50 % upon the employee's departure or may be taken at 100 % in the event of illness. At August 31, 1984, the maximum amount the Société could be obliged to pay in this regard is estimated at roughly $95 000.

In addition, approximately $115 000 in vacation days has also been accumulated.

No allowance has been recorded in the financial statements for the Société's commitments in regard to accumulated sick leave and vacation days. These expenses are recorded when paid out.

7. Administrative services

	1984	1983
Wages, salaries and fringe benefits	$524 192	$363 856
Professional fees	145 367	44 281
Travel and representation	23 531	21 062
Communications	13 601	40 647
Stationery and supplies	3 005	24 562
Other expenses	22 658	28 529
	$732 354	$522 937

8. Support services

	1984	1983
Maintenance, security and electricity	$937 689	$910 397
Auditorium operations	134 007	154 126
Box office operations	399 342	327 953
	$1 471 038	$1 392 476

9. Ancillary services

	1984	1983
Revenue		
Staging	$464 460	$412 388
Workshops	11 200	102 538
Bars	126 769	153 930
Advertising	37 920	82 798
	$640 349	$751 654
Expenditure		
Staging	$642 923	$727 612
Workshops	8 821	172 411
Bars	88 687	108 108
Advertising	112 382	150 295
	$852 813	$1 158 426

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

R.S.Q., c. S-14.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société du Grand Théâtre de Québec as at August 31, 1984, and the statements of revenue, expenditure and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at August 31, 1984 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, November 2, 1984

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

R.S.Q., c. S-14.1 and amendments

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	$189 238	$57 220
Term deposits and accrued interest	9 349 224	2 859 549
Accounts receivable	273 224	131 330
Prepaid expenses	53 274	583 652
	9 864 960	3 631 751
FIXED ASSETS (Note 3)	81 603 591	79 337 066
DEFERRED EXPENSES, at amortized cost	6 383 217	
	$97 851 768	$82 968 817
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$5 913 170	$4 193 748
Customers deposits	278 323	337 711
Deferred subsidy	238 531	
Owed to the Société de développement immobilier du Québec		97 848
	6 430 024	4 629 307
LONG-TERM DEBT (Note 4)	86 500 000	84 186 000
	92 930 024	88 815 307
EQUITY		
Surplus (deficit)	2 916 575	(6 803 199)
Contributed by the Government (Note 5)	2 005 169	956 709
	4 921 744	(5 846 490)
	$97 851 768	$82 968 817

On behalf of the Board of Directors,

Yves Michaud
Justine Sentenne

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

REVENUE AND EXPENDITURE

for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Space rental — events	$1 447 380	$924 205
Commissions (Note 6)	1 143 987	741 125
Ancillary services (Note 7)	964 084	481 508
	3 555 451	2 146 838
EXPENDITURE		
Operating and administrative expenses (Note 8)	12 894 995	9 875 661
Hosting of events (Note 9)	1 438 758	871 065
Net financial charges (Note 10)	9 718 764	6 062 192
	24 052 517	16 808 918
SURPLUS EXPENDITURE OVER REVENUE	20 497 066	14 662 080
SUBSIDY FROM THE GOVERNMENT (Note 11)	22 308 165	7 573 290
SURPLUS REVENUE AND SUBSIDY OVER EXPENDITURE	$1 811 099	(7 088 790)

SURPLUS

for the fiscal year ended March 31, 1985

	1985	1984
OPENING SURPLUS (DEFICIT)	$(6 803 199)	$285 591
Special Government of Québec subsidy for disbursements incurred by the Société in acquiring the Palais des congrès (Note 11)	7 908 675	
	1 105 476	285 591
Surplus revenue and subsidy over expenditure	1 811 099	(7 088 790)
CLOSING SURPLUS (DEFICIT)	$2 916 575	$(6 803 199)

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985

	1985	1984
SOURCE OF FUNDS		
Surplus revenue and subsidy over expenditure	$1 811 009	
Item not affecting working capital		
Amortization of deferred expenses	116 783	
	1 927 882	
Notes payable	32 500 000	$54 186 000
Less: deferred expenses	6 500 000	
	26 000 000	54 186 000
Bond issue	24 000 000	30 000 000
Special Government of Québec subsidy	7 908 675	
Government of Québec contribution	1 048 460	899 683
	60 885 017	85 085 683
APPLICATION OF FUNDS		
Surplus expenditure over revenue and subsidy		7 088 790
Acquisition of fixed assets	2 266 525	79 280 040
Repayment of notes payable	54 186 000	
	56 452 525	86 368 830
INCREASE (DECREASE) IN WORKING CAPITAL	4 432 492	(1 283 147)
WORKING CAPITAL (DEFICIT) AT THE BEGINNING	(997 556)	285 591
WORKING CAPITAL (DEFICIT) AT YEAR-END	$3 434 936	$(997 556)

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A corporation within the meaning of the Civil Code and founded by a special Act, the Société du Palais des congrès de Montréal has been responsible for:

- administering and operating the Palais des congrès de Montréal;
- creating projects for Palais des congrès development or operations;
- operating business and carrying on activities that contribute to convention centre development and promote its use.

Palais des congrès operations began June 13, 1983.

2. Accounting policies

Société financial statements were prepared by management on the accrual basis, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

Fixed assets are recorded at cost of acquisition and not depreciated.

Deferred expenses

The cost of a foreign exchange contract fixing the amounts in Canadian currency for payments of principal and interest on a borrowing in foreign currency is deferred.

The amortization of these deferred expenses is calculated using the effective interest rate of the loan and is recorded on the date the interest is paid.

Subsidy from the Government

The Société records the annual subsidy from the Government as follows:

(a) Contributed by the Government to Société equity
  - Contribution for acquisition of fixed assets
  - Contribution for repayment of long-term debt

(b) Operating subsidy
  A contribution to cover the annual operating deficit.

3. Fixed assets

	1985	1984
Land	$2 985 051	$2 985 051
Building	95 753 231	94 287 870
Furniture and equipment	7 329 909	6 064 145
	106 068 191	103 337 066
Less:		
Government of Canada grant	24 000 000	24 000 000
Furniture and equipment transferred free of charge by the Government of Canada	464 600	
	$81 603 591	$79 337 066

4. Long-term debt

	1985	1984
Notes payable		
The Industrial Bank of Japan, Limited — $20 000 000 US, guaranteed by the Government of Québec, 13 % per year (effective rate of 13,35 % in view of deferred expenses), non-redeemabe in advance and maturing September 27, 1996. A foreign exchange contract sets the costs in Canadian dollars for interest payments and principal repayment	$32 500 000	
La Caisse Centrale Desjardins du Québec 10,27 % annually, due April 30, 1984		$39 186 000
Place Desjardins Inc. 10,22 % annually, due April 30, 1984		15 000 000
	32 500 000	54 186 000
Bonds		
Series "A", guaranteed by the Government of Québec, variable interest rate, redeemable in advance and maturing December 8, 1991	30 000 000	30 000 000
Series "B", guaranteed by the Government of Québec, 12,85 % per year, non-redeemable in advance and maturing November 16, 1989	12 000 000	
Series "C", guaranteed by the Government of Québec, 13,20 % per year, non-redeemable in advance and maturing November 16, 1994	12 000 000	
	54 000 000	30 000 000
	$86 500 000	$84 186 000

5. Contribution from the Government

	1985	1984
Contribution to acquisition of fixed assets	$1 883 296	$834 836
Furniture transferred free of charge	121 873	121 873
	$2 005 169	$956 709

6. Commissions

	1985	1984
Tickets sold	$323 829	$220 475
Food services	687 160	476 516
Electricical services	66 405	30 998
Data-processing and audio-visual services	60 904	10 717
Other	5 689	2 419
	$1 143 987	$741 125

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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7. Ancillary services

	1985	1984
Parking	$363 262	$225 915
Furnishings	307 164	99 488
Data processing and audiovisual	158 830	56 253
Cloakroom	69 693	50 305
Other	65 135	49 547
	$964 084	$481 508

8. Operating and administrative expenses

	1985	1984
Taxes	$4 491 539	$3 480 460
Insurance and permits	68 866	65 646
Electricity and heat	902 130	764 869
Security	353 379	248 214
Maintenance and repairs	2 085 043	1 403 015
Rent	215 694	239 034
Advertising and promotional material	1 249 980	691 848
Wages, salaries and fringe benefits	2 642 955	2 067 794
Professional and administrative services	345 744	609 327
Travel	86 213	65 395
Telephone and courier service	131 869	85 270
Stationery and office supplies	125 196	126 775
Expenses for development of a data bank	133 562	
Other	62 825	28 014
	$12 894 995	$9 875 661

9. Events

	1985	1984
Staff remuneration	$743 156	$461 236
Creations	74 381	21 974
Food services	17 473	25 583
Furnishings	568 595	314 396
Telematic and audiovisual services	9 250	24 002
Ticket printing	9 037	11 449
Security	15 466	11 377
Sundry	1 400	1 048
	$1 438 758	$871 065

10. Net financial charges

	1985	1984
Interest on long-term debt	$9 674 953	$5 985 841
Brokerage fees — long-term debt	251 830	
Amortization of deferred expenses	116 783	
Other interest and bank charges	121 865	181 412
	10 165 431	6 167 253
Interest on bank balance and term deposits	446 667	105 061
	$9 718 764	$6 062 192

11. Subsidy from the Government

	1985	1984
The subsidy from the Government breaks down as follows:		
Operating subsidy	$22 308 165	$7 573 290
Special Government of Québec subsidy for disbursements incurred by the Société in acquiring the Palais des congrès	7 908 675	
Government contribution to Société equity		
Contribution to acquisition of fixed assets	1 048 460	777 810
	$31 265 300	$8 351 100

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

R.S.Q., c. S-14.1 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Société du Palais des congrès de Montréal as at March 31, 1985 and the statements of revenue and expenditure, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 7, 1985

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

R.S.Q., c. S-15 and amendments

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
OPERATING FUND		
Cash and term deposits	$137 935	$4 325 522
Accounts receivable	445 722	165 332
	$583 657	$4 490 854
CAPITAL INVESTMENT FUND		
Advances to the Operating Fund	$335 199	$3 761 360
Lots for sale	3 984 435	3 996 977
Capital expenditures (Note 3)	51 427 150	41 594 526
	$55 746 784	$49 352 863
LIABILITIES		
OPERATING FUND		
Accounts payable and accrued charges	$155 272	$183 459
Owed the Capital Investment Fund	335 199	3 761 360
Owed the Government	93 186	546 035
	$583 657	$4 490 854
CAPITAL INVESTMENT FUND		
Bank indebtedness	$15 673 560	$6 100 000
Holdbacks on contracts and ongoing estimates	624 772	557 219
Deposits on lot sales	26 048	5 616
Advances from the Government (Note 4)	36 042 930	40 255 600
	52 367 310	46 918 435
Fund balance	3 379 474	2 434 428
	$55 746 784	$49 352 863

COMMITMENT AND CONTINGENT LIABILITIES (Note 8)

On behalf of the Société,

Réal Fortin
Bernard Demers

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

REVENUE AND EXPENDITURE OF THE OPERATING FUND

for the fiscal year ended March 31, 1985

	1985	1984
REVENUE (Note 5)	$1 516 729	$5 581 367
EXPENDITURE		
Wages, salaries and allowances	654 244	591 275
Property taxes	325 463	344 009
Participation in water and sewer system for the Ville de Bécancour	400 970	495 294
Fixtures and equipment	28 736	7 141
Interest on advances	3 593 202	3 819 290
Interest on bank loan	1 350 340	202 111
Other	839 326	733 984
	7 192 281	6 193 104
Less:		
Expenditure assumed by the Government (Note 6)	6 464 968	5 353 651
Expenditure assumed by the Société (Note 7)	727 313	839 453
SURPLUS REVENUE OVER EXPENDITURE BEFORE FOLLOWING ITEM	789 416	$4 741 914
Revision of participation in prior fiscal years in water and sewer system for the Ville de Bécancour	160 388	
SURPLUS REVENUE OVER EXPENDITURE TRANSFERRED TO THE CAPITAL INVESTMENT FUND BALANCE	$949 804	$4 741 914

CAPITAL INVESTMENT FUND BALANCE

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE (DEFICIT) AT THE BEGINNING	$2 434 428	$(2 314 627)
Transfer of surplus revenue over expenditure for the year from the Operating Fund	949 804	4 741 914
Acquisition of fixtures and equipment assumed by operating fund transferred to fixed assets	28 736	7 141
Loss on disposal of fixtures and equipment	(13 710)	
Write-of of fixtures and equipment	(19 784)	
BALANCE AT YEAR-END	$3 379 474	$2 434 428

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Constitution and purpose

Founded under the Act respecting the Société du parc industriel du centre du Québec, the Société has been given the task of promoting the industrial development of the Bécancour area by establishing an industrial park there and erecting the facilities required for its operation.

Under the terms of its founding Act, the funds from Société operations are to be used to pay taxes and reimburse the corporation's debts and commitments as well as any Government advances it receives, with any balance to be transferred to the Consolidated Revenue Fund.

2. Accounting policies

Société financial statements were prepared by management using fund accounting according to the accrual method, within the bonds of the particular practices summarized as follows:

Lots for sale

Lots to be sold are recorded at cost of acquisition. Municipal and school taxes, along with any interest charges in connection with these lots, are posted to Operating Fund expenditure.

Sale of a lot is entered at the time the deed is notarized.

Fixed assets

Fixed assets are shown at their original cost, with no depreciation charged.

Expenses not shown on the statement of revenue and expenditure

The statement of revenue and expenditure does not reflect the cost of fringe benefits paid to Société employees or of support services such as telephone and other charges, assumed by the various departments.

3. Fixed assets

	March 31 1984	Capital Additions	Decreases in the fiscal year	March 31 1985
Land	$40 131			$40 131
Buildings	4 225 831	$34 511		4 260 342
Water and sewage	4 783 214	37 501		4 820 715
Roads and streets	4 998 681	979		4 999 660
Warehousing and parking	239 693			239 693
Port facilities	23 211 569	9 697 888		32 909 457
Industrial water treatment facilities	3 215 939	834		3 216 773
Rail network	278 420	9 500		287 920
Furniture and arrangement	22 666	23 562		46 228
Office furniture	50 064	27 802	$15 358	62 508
Equipment and tools	140 337	12 593	96 216	56 714
Machinery	233 193	11 646		244 839
Rolling stock	154 788	111 862	24 480	242 170
	$41 594 526	$9 968 678	$136 054	$51 427 150

4. Advances from the Government

Government of Québec advances bear interest between 8.3% and 17.1%.

	1985	1984
Balance at the beginning	$40 255 600	$39 985 600
Advances during the year		270 000
Repayments during the fiscal year	(4 212 670)	
Balance an year-end	$36 042 930	$40 255 600

5. Revenue

	1985	1984
Sale of lots:		
Lots sold	$56 160	$5 034 859
Cost of lots	12 542	673 591
	43 618	4 361 268
Other revenue:		
Rent — buildings	338 661	219 616
Rent — Land	23 905	17 808
Port duties	570 963	513 221
Industrial water treatment	248 520	264 654
Drinking water treatment	84 827	62 837
Interest on bank and term deposits	174 549	103 589
Sundry	31 686	38 374
	1 473 111	1 220 099
	$1 516 729	$5 581 367

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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6. Expenditure assumed by the Government

	1985	1984	Cumulative (December 1968 to March 31, 1985)
Wages, salaries and allowances	$654 244	$591 275	$5 253 384
Interest on advances from the Government	3 593 202	3 819 290	34 943 011
Interest and bank expenses	1 350 340	202 111	1 552 451
Other	838 446	733 834	5 484 893
	6 436 232	5 346 510	47 233 739
Fixtures and equipment*	28 736	7 141	159 810
	$6 464 968	$5 353 651	$47 393 549

* These expenditures are recorded in the fixed assets fund.

7. Expenditure assumed by the Société

	1985	1984
Property taxes	$325 463	$344 009
Participation in water and sewage systems of the Ville de Bécancour	400 970	495 294
Bad debts	494	
Other	386	150
	$727 313	$839 453

8. Commitments and contingent liabilities

- Under the terms of an agreement between the Ville de Bécancour and the Government that was ratified on April 11, 1973, the Société is authorized to take part in financing, until 2011, the water and sewage networks serving part of the town and the industrial park.

  The Société has committed itself to servicing the annual debt with respect to two loans taken out by the Ville de Bécancour, less any subsidies from the ministère des Affaires municipales in connection with these borrowings and certain other revenue sources.

  The outstanding balance amounts to $3 296 800 at March 31, 1985 on original bond issues of $3 600 000.

- A lawsuit in the amount of about $113 000 was filed against the Société in 1980. Since the opinion of the Société and its legal counsel is that no significant liability can result from court action, there has been no accounting provision set aside for this purpose.

- A Superior Court decision handed down on August 24, 1983 orders the Société pay a sum of $912 823 with interest to a contractor for dragging work. Accrued interest at March 31, 1985 stands at $116 841.

  The Société board of directors, on the advice of legal counsel, decided on September 12, 1983 to appeal the decision; no liability has therefore been entered on the books at March 31, 1985. Should the ruling be upheld, the claim will be recorded.

- In December 1984, the Société received a claim for $1 917 029 from the contractor responsible for port installations work. In the opinion of the Société and of its legal counsel, no significant liability can arise from this claim.

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

R.S.Q., c. S-15 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Société du parc industriel du centre du Québec as at March 31, 1985 and the statement of revenue and expenditure of the Operating Fund and that of the Capital Investment Fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial situation of the Société as at March 31, 1985 and its operating results for the year then ended, in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 7, 1985

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

R.S.Q., c. S-16

BALANCE SHEET
as at March 31, 1985

	1985	1984 (Restated) (Note 5)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$43 867	$738
Accounts receivable	58 000	70 713
Advance payment	12 518	19 250
	114 385	90 701
INDUSTRIAL AND COMMERCIAL AIRPORT INFRASTRUCTURE (Note 3)	7 867 747	7 719 682
	$7 982 132	$7 810 383
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$44 915	$166 330
SHAREHOLDER EQUITY		
Capital stock (Note 4)	1 000	1 000
Shareholder participation	7 936 217	7 643 053
	7 937 217	7 644 053
	$7 982 132	$7 810 383

On behalf of the Board of Directors,

Jacqueline Morin, Director
Yves Rancourt, Director

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

STATEMENT OF CHARGES CAPITALIZED TO THE INDUSTRIAL AND COMMERCIAL AIRPORT OF MIRABEL

for the fiscal year ended March 31, 1985

	1985	1984 (Restated) (Note 5)	Cumulative To March 31 1985
FIXED ASSETS			
Industrial infrastructure			
Waste water treatment			$2 242 537
Site development			1 486 865
Downtown Mirabel development			500 000
Development plans, suretying, project study and project management			558 070
Operation of facilities (Note 6)	$73 789	$42 305	499 743
	73 789	42 305	5 287 215
ADMINISTRATIVE EXPENSES			
Wages, salaries and fringe benefits			1 335 186
Fees, rent and other charges (Note 7)	74 276	113 578	1 607 387
	74 276	113 578	2 942 573
CHARGES CAPITALIZED to the industrial and commercial airport before substracting interest on bank deposits (Note 5)	148 065	155 883	8 229 788
Interest on bank deposits		91	362 041
CHARGES CAPITALIZED to the industrial and commercial airport	$148 065	$155 792	$7 867 747

STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985

	1985	1984 (Restated) (Note 5)
SOURCE OF FUNDS		
Shareholder funding	$293 164	$117 560
APPLICATION OF FUNDS		
Charges capitalized to the industrial and commercial airport	148 065	155 792
INCREASE (DECREASE) IN WORKING CAPITAL	145 099	(38 232)
WORKING CAPITAL DEFICIT AT THE BEGINNING OF THE FISCAL YEAR	(75 629)	(37 397)
WORKING CAPITAL (DEFICIT) AT THE END OF THE THE FISCAL YEAR	$69 470	$(75 629)

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

NOTES TO FINANCIAL STATEMENTS

at March 31, 1985

1. Constitution

Under an umbrella agreement between the governments of Canada and Québec that made provision for the signing of auxiliary agreements on development projects, the Canada-Québec agreement on the industrial and commercial airport of Mirabel 1976-1979 was signed on June 18, 1976. Following this auxiliary agreement, which was subsequently extended to March 31, 1982, the Government formed the Société du parc industriel et commercial aéroportuaire de Mirabel by an Act given assent on June 30, 1976.

An application for the extension of the agreement was submitted to the parties concerned during fiscal 1982; the Government indicated its intention to renew the auxiliary agreement while the federal government made known its intention to withdraw from the Société. The Government, therefore, became the sole shareholder of the Société.

2. Accounting policies

Infrastructure

Infrastructure costs include those directly related to various projects as well as Société administrative expenses, less interest on bank deposits.

Shareholder participation

Sums placed at the disposal of the Société by the shareholder are shown as participation on the financial statements.

Operating results

For the fiscal year ended March 31, 1985, the Société is at the stage of site development and consequently no statement of operating results is presented.

3. Infrastructure

The site of development projects for the industrial and commercial airport is on land owned by the Government of Canada.

4. Capital stock

	1985	1984
Authorized		
1 000 common shares with a par value of $1.00 each		
Issued		
1 000 common shares	$1 000	$1 000

5. Correction to the financial statements

The infrastructure maintenance and operating expense under the agreement with Mirabel was recorded on a cash basis rather than an accrual basis in previous years. The capitalized expenses for the preceding fiscal year were increased by $2 359 and the infrastructure and accounts payable and accrued expenses items in the balance sheet at March 31, 1984 were increased by $128 059 to reflect this retroactive correction in the financial statements.

6. Operation of facilities

For the fiscal year ended March 31, 1985, $98 900 ($100 053 in 1984) was recorded as consideration for the use of certain Société installations. The amount reduces the operating cost of facilities.

Total network operating costs were reduced by the share paid by the Ville de Mirabel, Fondoir Laurentide Inc., and the Société Immobilière Canada (Mirabel).

7. Fees, rent and other charges

This heading incudes the fees of the secretary-treasurer for part of the fiscal year, and electricity, insurance, maintenance and operating costs for the infrastructures, in accordance with the agreement with Mirabel.

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

R.S.Q., c. S-16

AUDITORS' REPORT

Société du parc industriel
et commercial aéroportuaire
de Mirabel shareholder:

We have examined the balance sheet of the Société du parc industriel et commercial aéroportuaire de Mirabel at March 31, 1985 as well as the statement of charges capitalized to the industrial and commercial airport of Mirabel and that of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances. We obtained all information and explanations sought.

From the information and explanations provided to us and that shown on the Société books, these statements in our opinion accurately present the financial situation of the Société at March 31, 1985 as well as the change in its financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Charette, Fortier, Hawey & Cie.
Touche Ross & Cie.
Chartered Accountants

Montréal, May 31, 1985

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

S.Q. 1975, c. 48

BALANCE SHEET

as at December 31, 1984

	1984	1983 (Note 4)
ASSETS		
CURRENT ASSETS		
Cash		$64 689
Accounts receivable	$84 934	113 899
Prepaid expenses	10 330	2 029
	95 264	180 617
RAILPORT COMPLEX (Note 3)		
Charges capitalized	9 574 854	9 567 048
Less: Contributions	7 831 772	7 831 772
	1 743 082	1 735 276
Accumulated depreciation	454 205	386 905
	1 288 877	1 348 371
	$1 384 141	$1 528 988
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash balance	$175 414	
Bank loan	460 000	450 000 $
Accounts payable and accrued charges	26 437	46 652
Municipal and school taxes and accrued interest		599 610
	661 851	1 096 262
SURPLUS	722 290	432 726
	$1 384 141	$1 528 988

On behalf of the Board of Directors

Maurice Boutin
Michel Caron

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1984

	1984	1983 (Note 4)
REVENUE		
Tolls	$1 222 680	$1 360 526
Other	9 062	6 372
	1 231 742	1 366 898
EXPENDITURE		
Operating and administrative expenses		
Services	280 456	293 120
Management contract	44 000	42 000
Municipal and school taxes	248 350	146 813
Insurance	27 657	25 195
Maintenance, repairs and electricity	115 833	102 763
Wages and salaries, fringe benefits and directors' fees	22 109	9 041
Travel, professional fees and other expenses	39 064	39 350
	777 469	658 282
Interest on bank loan	75 699	97 481
Interest on municipal and school taxes	21 710	67 688
	97 409	165 169
	874 878	823 451
SURPLUS REVENUE OVER EXPENDITURE BEFORE DEPRECIATION	356 864	543 447
Derpeciation on the railport complex	67 300	70 850
SURPLUS REVENUE OVER EXPENDITURE	$289 564	$472 597

SURPLUS
for the fiscal year ended December 31, 1984

	1984	1983 (Note 4)
SURPLUS AT THE BEGINNING		
Balance carried forward	$448 353	$(37 903)
Adjustment — municipal and school taxes for 1980 to 1983 including interest (Note 4)	(15 627)	(1 968)
Adjusted balance	432 726	(39 871)
SURPLUS REVENUE OVER EXPENDITURE	289 564	472 597
SURPLUS AT YEAR-END	$722 290	$432 726

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

NOTES TO FINANCIAL STATEMENTS
at Decemeber 31, 1984

1. Constitution and purpose

A non-profit corporation founded under a special Act and governed by Part 3 of the Companies Act, the Société is responsible for operating the railport complex located at Baie-Comeau.

2. Accounting policy

Railport complex

After contributions have been subtracted, charges capitalized to the railport complex made up of a dock and attendant installations are amortized at a rate of 5 % annually on the diminishing balance.

3. Railport complex

	1984	1983
Charges to be capitalized	$9 574 854	$9 567 048
Less: contributions		
Ville de Baie-Comeau	500 000	500 000
Ville de Hauterive	500 000	500 000
Canadian National Railways	1 000 000	1 000 000
Government of Canada	2 000 000	2 000 000
Government of Québec	3 831 772	3 831 772
	7 831 772	7 831 772
	$1 743 082	$1 735 276
Additions to capitalized expenses for the fiscal year	$7 806	$2 880

The railport complex is built on land under lease from the Government of Canada, the Government of Québec and the Compagnie de papier Q.N.S. Limitée. The annual rental cost for the land amounts to $378 (1983: $200).

4. Retroactive adjustment

A retroactive adjustment of $365 598 was made in 1983 following an agreement reached February 14, 1984, with respect to municipal and school taxes from 1980 to 1983. Until that time, the Société had contested these taxes. Following receipt of final tax bills, municipal and school taxes and interest unrecorded at December 31, 1983 are as follows:

Taxes for 1980	$14 576
Interest for the year 1982 and prior	(12 608)
	1 968
Taxes for 1983	24 777
Interest for 1983	(11 118)
	$15 627

A retroative adjustment of $15 627 was made December 31, 1983, and the comparative figures for fiscal 1983 were changed accordingly.

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

S.Q., 1975, c. 48

AUDITOR'S REPORT

I have examined the balance sheet of the Société du port ferroviaire de Baie-Comeau — Hauterive at December 31, 1984 as well as the statement of revenue and expenditure and that of surplus for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at December 31, 1984 as well as its operating results for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, February 6, 1985

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

R.S.Q., c. S-17

CONSOLIDATED BALANCE SHEET

at December 31
(in thousands of dollars)

	1984	1983
CURRENT ASSETS		
Cash and term deposits	137 015	105 106
Accounts receivable	135 327	155 570
Contracts in progress and inventories (Note 2)	90 487	81 789
Prepaid expenses	1 103	1 720
	363 932	344 185
OTHER ASSETS		
Holdbacks receivable	962	2 584
Investments (Note 3)	231 168	166 743
Construction in progress	95 507	36 105
Fixed assets less depreciation of $215 849 000 ($203 078 000 in 1983)	437 641	460 472
Consolidated goodwill	997	2 377
Deferred exchanges losses	29 667	17 686
	795 942	685 967
	1 159 874	1 030 152
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	50 154	29 425
Accounts payable	132 406	118 308
Deferred revenue and deposits on contracts	324	3 529
Income tax	6 722	4
Current portion of long-term debt	34 347	29 330
	223 953	180 596
OTHER LIABILITIES		
Long-term debt (Note 5)	362 030	351 960
Deferred income tax	56 245	47 854
Minority shareholders' interest	200 296	179 520
	618 571	579 334
SHAREHOLDER EQUITY		
Capital stock (Note 6)	252 565	225 325
Contributed surplus	2 510	2 510
Retained earnings	62 275	42 387
	317 350	270 222
	1 159 874	1 030 152

On behalf of the Board of Directors,

J.C. Lebel, Director
Fernand Paré, Director

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended December 31

(in thousands of dollars)

	1984	1983
REVENUE FROM OPERATIONS	779 297	852 892
Profit before the following:	118 254	83 093
Depreciation on fixed assets	37 677	36 855
Amortization of deferred foreign exchange losses	1 398	
Other depreciation	570	956
Interest and charges on long-term debt	42 471	37 181
Interest and charges on short-term debt	5 092	3 599
	87 208	78 591
Operating profit	31 046	4 502
Add:		
Investment earnings	15 795	11 148
Share in profit of affiliates	21 010	7 706
	36 805	18 854
Less:		
Income tax	18 093	3 017
PROFIT BEFORE EXTRAORDINARY ITEMS AND MINORITY SHAREHOLDERS' INTEREST	49 758	20 339
EXTRAORDINARY ITEMS (Note 7)	4 330	112
PROFIT BEFORE MINORITY SHAREHOLDERS' INTEREST	54 088	20 451
Minority shareholders' interest	33 911	15 130
PROFIT FOR THE YEAR	20 177	5 321

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended December 31

(in thousands of dollars)

	1984	1983
RETAINED EARNINGS AT THE BEGINNING		
Prior balance	43 282	38 537
Share of tax adjustment of affiliated company (Note 9)	(895)	(895)
Adjusted balance	42 387	37 642
Profit for the year	20 177	5 321
Share of foreign exchange translation adjustments of an affiliated company	(289)	(576)
RETAINED EARNINGS AT YEAR-END	62 275	42 387

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31

(in thousands of dollars)

	1984	1983
SOURCE OF FUNDS		
Funds from operations before extraordinary items (Note 8)	76 377	48 513
Issue of common stock	27 240	29 660
Net increase in long-term debt	10 711	27 104
Non-consolidated Dividends from an affiliated company	5 862	3 881
Decrease in holdbacks receivable	1 622	2 042
Realization of net assets of a subsidiary	2 421	
Realization on investments (less working capital of $15 260 000; $1 917 000 in 1983)	8 446	1 452
Write-off of an advance		1 280
Gain resulting from recovery of income tax	304	
	132 983	113 932
APPLICATION OF FUNDS		
Decrease in minority shareholders' interest	9 464	9 281
Construction in progress	59 402	34 725
Acquisition of fixed assets (net)	25 625	10 340
Increase in investments (net)	62 102	2 340
Premium redemption of an affiliate's preferred shares		3 232
Increase in the share of an affiliate		30 953
Miscellaneous		52
	156 593	90 923
INCREASE (DECREASE) IN WORKING CAPITAL	(23 610)	23 009
WORKING CAPITAL AT THE BEGINNING	163 589	140 580
WORKING CAPITAL AT YEAR-END	139 979	163 589

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
for the fiscal year ended December 31, 1984

1. Summary of major accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of all subsidiaries and affiliates in which the Société générale de financement (SGF) plays an active role at the decisionmaking level. These companies and the SGF share in them detail as follows:

	% Share	
	1984	1983
Dofor Inc. and its subsidiary	100	85
Donohue inc. and its subsidiaries		56
Marine Industrie Limitée and its subsidiary	65	65
* Éthylec Inc.	100	100
Cegelec Entreprises Inc. and its subsidiary		50
1167-4025 Québec Inc. (formerly Forano Inc.)	100	100
Cegelec Industrie Inc. and its subsidiary	50	50
Volcano Inc.		100
Industries Tanguay Inc.	99	99
Artopex Canada ltée and its subsidiary		60
Bio-Méga Inc. and its subsidiary	100	100
John Meunier Inc. and its subsidiary		50
Société de Montage Automobile-Soma Inc.		100
** Société générale d'aluminerie Inc.	100	
Société québécoise d'aluminium Inc. and its subsidiary	100	

The operating results of subsidiaries and affiliates are included in the consolidated results as of the acquisition or sale of the SGF share in such companies.

* The accounts of this subsidiary represent the share of the company in Pétromont, société en commandite, Pétromont Inc., Alcools de Commerce Enrg. and Pipeline Shawinigan Enrg., and are recorded using proportionate consolidation.

** The accounts of this subsidiary represent the share of the company in the Bécancour aluminium smelter project, through an intermediary, Albecour, société en commandite.

(b) Investments

Investments in other companies of which the SGF holds sufficient shares to exercise an influence on decisions are presented at their equity value. All other investments are shown at cost, less any provision for losses.

(c) Inventories

Supplies are inventoried at the lesser of average cost or net realization value.

d) Fixed assets, construction in progress and depreciation

fixed assets are recorded at acquisition cost, less any applicable subsidies. With respect to construction in progress, the cost includes interest on borrowings as well as all other indirect expenses during the period of construction. Almost all depreciation is calculated using the straight-line method over the anticipated service lifetime.

e) Consolidated goodwill

Goodwill is amortized according to the straight-line method over twenty and forty years.

(f) Income tax

Profits of the SGF and its wholly-owned subsidiaries are not subject to income tax. Companies subject to tax make use of income tax deferral. Deferred tax mainly results from the difference between capital cost allowances claimed for tax purposes and deprecation recorded on the books.

g) Foreign currency

Current assets and liabilities are expressed in terms of Canadian dollars at the exchange rate in effect at the end of the fiscal year. Other asset and liability items are converted at the rate in effect when the transaction occurs.

Exchange gains and losses on long-term monetary holdings are deferred and amortized on a constant basis over the remaining life of the asset of liability item. Other gains or losses on foreign exchange are charged to operations for the year.

Items other than depreciation that have an impact on operating results are converted at the average exchange rate for the fiscal year.

2. Contracts in progress and inventories

	1984	1983
	(in thousands of dollars)	
Contracts in progress, at cost	94 180	147 675
Less:		
Current invoicing	112 121	168 721
	(17 941)	(21 046)
Inventories	108 428	102 835
	90 487	81 789

3. Investments

	1984		1983	
	%	(in thousands of dollars)	%	(in thousands of dollars)
Investments, at equity value				
SGF				
Nouveler Inc.	35	2 639	35	3 134
Investissements Novacap Inc.			25	2 388
DOFOR Inc.				
Domtar Inc.	30	212 876	21	141 150
J.E. Therrien Inc.	49	6 730	49	7 322
		222 245		153 994
Investments, at cost				
Cegelec Entreprises Inc.	10	2 673		
Investissements Novacap Inc.	16	3 255		
Selling price balance due in 1986		1 777		5 137
Other		1 218		1 350
Bombardier Inc.			6	6 262
		8 923		12 749
		231 168		166 743

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
for the fiscal year ended December 31, 1984

4. Bank indebtedness

Advances from banks are secured by the assignment of accounts receivable, inventories and certain other assets for a book value of $214 300 000.

5. Long-term debt

	1984	1983
	(in thousands of dollars)	
SGF:		
Notes payable to shareholder, $10\frac{1}{4}$%, due from 1988 through 1992	15 000	15 000
Selling price balance, 11% payable in 1985	7 738	15 476
	22 738	30 476
Subsidiaries:		
Bonds and debentures		
Sinking fund bonds, bearing rates from 10% to $11\frac{1}{8}$%, maturing in 1997, guaranteed by the Province of Québec	135 890	139 508
Guaranteed bonds, at $\frac{5}{8}$%, over prime, maturing in 1996	117 940	110 975
Bonds, $11\frac{1}{8}$%, payable by variable annual installments, maturing in 1991	8 580	9 380
Sinking fund bonds, $6\frac{3}{4}$%, maturing in 1988	1 160	1 366
Sinking fund debentures, at rates of $7\frac{1}{4}$%, $11\frac{5}{8}$% and the prime rate, maturing from 1989 to 1993	15 539	12 744
Guaranteed debentures, at $1\frac{1}{2}$%, over prime, maturing in 1985 and 1986	261	468
	279 370	274 441
Bank indebtedness		
Bank loans, $\frac{3}{8}$% above the LIBOR rate	19 825	
Revolving credit, at the prime rate	28 750	1 500
Borrowings, $10\frac{1}{4}$%		15 000
Bankers' acceptance, interest rates varying from 11.2% to 12%	25 000	25 000
	73 575	41 500
Other:		
Notes payable, at various rates and dates due	4 456	26 809
Mortgages, royalties and miscellaneous	16 238	8 064
	20 694	34 873
Total debt	396 377	381 290
Less current portion	34 347	29 330
	362 030	351 960

The total long-term debt, amounting to $362 030 000, includes $187 367 000 ($177 778 000 in 1983) payable in U.S. funds.

Payments on the long-term debt over the next five years detail as follows:

1985	$34 347 000
1986	29 078 000
1987	30 145 000
1988	36 733 000
1989	41 079 000

6. Capital stock

SGF shares are held by the Government.

	1984	1983
	(in thousands of dollars)	
Authorized ($10 par value): 41 500 000 common shares		
Issued and paid-up: 25 256 502 common shares (of which 2 724 000 for cash during 1984)	252 565	225 325

The Government of Québec may subscribe and pay for 2 493 498 common shares up to December 31, 1985 for up to $24 934 980.

The Government may also subscribe up to $15 000 000 common shares and pay $150 000 000 as SGF participation in the financing of an aluminium smelter to be established in the Bécancour region.

7. Extraordinary items

	1984	1983
	(in thousands of dollars)	
Gain resulting from a reduction of income tax on reporting losses former years.	304	930
Share of extraordinary items of an affiliated company	812	
Gain resulting from the increase in participation in a subsidiary	861	
Gain resulting from the write-off of an advance		1 280
Gain on the sale of investments	5 001	1 134
Loss on sale of subsidiary's net assets	(2 648)	
Premium paid upon redemption of a subsidiary's preferred shares, of which $491 000 represents minority shareholder's interest		(3 232)
	4 330	112

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
for the fiscal year ended December 31, 1984

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8. Funds from operations

	1984	1983
	(in thousands of dollars)	
Net profit for the year before extraordinary items	15 847	5 209
Items having no impact on working capital:		
Depreciation on fixed assets	37 677	36 855
Amortization of deferred foreign exchange losses	1 398	
Other depreciation	570	956
Unrealized intercompany profit		468
Gain on the disposal of fixed assets	(425)	(487)
Deferred income tax	8 409	(1 912)
Share in the profits of subsidiaries	(21 010)	(7 706)
Minority shareholders' interest	33 911	15 130
	76 377	48 513

9. Adjustment allocated to prior fiscal years

Following the adjustment in an affiliated company, the Société retroactively recorded its share of the adjustment allocated to prior fiscal years.

The balance of retained earnings at January 1, 1983 and 1984 and the investment in an affiliated company at December 31, 1983 and 1984 were respectively reduced by a total of $895 000.

10. Commitments

Dofor Inc.

Under the terms of an agreement reached in 1984 with the holder of Dofor Inc. preferred shares, SGF has pledged that this subsidiary will respect the provisions of this agreement, including the obligation to set up an annual allowance to pay the redemption premium payable in regard to these preferred shares.

The redemption premiums are recorded in SGF's consolidated results by an annual provision calculated on a straight-line basis between May 18, 1984 and December 31, 1990.

Aluminerie de Bécancour

In 1984, SGF, acting through Albecour, société en commandite, whose sole partner is the Société générale d'aluminium Inc., undertook to participate in a project to open an aluminum smelter in Bécancour in a 24.95% joint ownership with Pechiney Québec Inc., 50.1% and Alumax Québec Inc., 24.95%.

The project is estimated to cost a total of $1.4 billion to be assumed by each participant according to its share of ownership, which in the case of SGF will be financed through the subscription of up to $150 000 000 of its capital stock by the shareholder and a bank loan of up to $215 000 000 guaranteed by the Province of Québec until completed. After such date, the guarantee will terminate, to the extent that the company satisfies certain financial requirements.

Donohue Inc.

In 1983, the company began construction of a thermo-mechanical pulp plant and related installations at its newsprint plant in Clermont, Québec. The total cost of the project is estimated at $120 000 000 and is financed by an issue in 1983 of 2 050 000 common shares at a price of $20.75, a bank loan of a maximum of $60 000 000 and a government subsidy equal to 20% of the capital cost of the project.

Éthylec Inc.

Pétromont, a limited partnership, affiliated with Ethylec Inc., (Note 1a) could be obliged to repay all or part of $50 000 000 of financial assistance received from the governments of Canada and Québec in 1983 and 1984 out of future earnings of certain of its plants.

Leases

The main leases under which the companies are currently bound and whose maturities extend up till 1988, total $2 489 000. Payments are as follows: 1985, $1 391 000; 1986, $920 000; 1987, $177 000; 1988, $1 000.

11. Contingent liabilities

Donohue Inc.

a) The company faces a suit demanding the cancellation of an issue by a subsidiary of 1 400 000 common shares undertaken while financing the additional costs of the Amos newsprint plant. The company is contesting the grounds of this suit and maintains its shares were issued in accordance with the relevant agreements.

b) The company is also being sued for damages of $5 090 000. The company maintains it has no liability in this regard and is contesting the suit.

12. Business with Government corporations

In the normal course of affairs, some member-firms of the Groupe SGF made sales to other Government corporations. These transactions took place on a regular business basis.

13. Comparative figures

For purposes of comparison with those of the current fiscal year, certain figures from the preceding fiscal year have been regrouped and reclassified.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

R.S.Q., c. S-17

AUDITORS' REPORT

To the Société générale
de financement du Québec shareholder:

We have examined the consolidated balance sheet of the Société générale de financement du Québec at December 31, 1984 and the consolidated statements of operating results, retained earnings and of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Société générale de financement du Québec at December 31, 1984 as well as its operating results and the change in its financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Samson Bélair,
Chartered Accountants

Montréal, February 28, 1985

SOCIÉTÉ GÉNÉRALE DU CINÉMA DU QUÉBEC

R.S.Q. c. C-18.1 and amendments

ASSETS AND LIABILITIES

as at March 31, 1985

	1985	1984
ASSETS		
Cash and short-term deposits	$4 441 678	$729 594
Cash balance — deposits in trust	86 371	
Accrued interest on short-term deposits	29 512	310
Accounts receivable	1 065	15 229
Balance of sale price (Note 3)	35 000	
Building acquired in settlement of debts		175 000
	$4 593 626	$920 133
LIABILITIES		
Deposits in trust	$86 371	
Accounts payable and accrued charges	116 324	$116 171
Payments to be made under aid programs	4 977 660	1 850 411
Balance owed on building acquired in settlement of debts		75 991
	5 180 355	2 042 573
SURPLUS OF EXPENDITURE OVER REVENUE FOR THE FISCAL YEAR ALLOCATED TO SUBSEQUENT FISCAL YEAR	586 729	1 122 440
	$4 593 626	$920 133

COMMITMENTS (Note 7)
CONTINGENT LIABILITIES (Note 8)

On behalf of the Société,

Pierre A. Deschênes
Honey A. Dresher

SOCIÉTÉ GÉNÉRALE DU CINÉMA DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985 (12 months)	1984 (3½ months) (Note 9)
REVENUE		
Government of Québec subsidies (Note 6)	$9 500 000	$80 000
Interest on short-term deposits	312 869	6 266
Cancellation of proposed assistance programs of previous fiscal years	429 150	41 665
Return on investments under aid programs:		
Capital reimbursed	323 222	65 584
Earnings cashed	34 124	610
Miscellaneous	14 007	879
	10 613 372	195 004
EXPENDITURE		
Allocation of surplus expenditure over revenue of preceding fiscal year	1 122 440	
Deficit of the Institut québécois du cinéma (R.S.Q., c. C-18) absorbed by the Société		458 867
	1 122 440	458 867
Assistance programs (Note 4)		
Production	5 901 959	511 797
Showing	1 030 422	15 987
Development	1 046 923	27 000
Promotion abd support	753 460	105 258
	8 732 764	660 042
Administrative expenses (Note 5)	1 344 897	198 535
	11 200 101	1 317 444
SURPLUS EXPENDITURE OVER REVENUE FOR THE FISCAL YEAR TRANSFERRED TO NEXT FISCAL YEAR	$586 729	$1 122 440

SOCIÉTÉ GÉNÉRALE DU CINÉMA DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Société générale du cinéma du Québec, a corporation within the meaning of the Civil Code, was incorporated under the Act respecting the cinema (R.S.Q., chapter C-18.1 and amendments). The Société acquired the rights of the Institut québécois du cinéma (R.S.Q., chapter C-18) and has assumed its obligations since February 20, 1984.

The Société's purpose is to:

— recognize Québec films according to established standards;

— promote or financially aid the creation of cinematographic works and the production of recognized Québec films;

— promote or financially aid the distribution and showing of Québec films and the development of technical support for the film industry;

— promote or financially aid the Québec film through the showing of its films at festivals and other cinematographic events and promote cinematographic culture in Québec;

— encourage the participation of television companies in the production and showing of Québec films; and

— promote or financially aid training, research, development and innovation in the film area.

2. Accounting policies

Société financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

The purchase of furniture and equipment as well as the cost of leasehold improvements are charged to operations.

Aid programs

Subsidies, loans and participations are recorded in expenditure on the date of the formal acceptance of the financial assistance by the applicant.

Revenue

Payments (principal and interest) on loans and participations are recorded in revenue at the time they are received.

3. Balance of sale price

During the fiscal year, the Société sold a building acquired under a decision for an amount of $147 500.

The balance of the sale price, an amount of $35 000, is due February 8, 1986, and bears interest at 13½ % per year.

4. Aid programs

Financial aid awarded by the Société during the fiscal year took the form of:

	1985 (12 months)	1984 (3½ months)
Subsidies	$1 270 980	$120 852
Investments:		
Bank loan guarantee	2 980	216
Loans	165 000	
Advances		10 393
Participation	7 293 804	528 581
	7 461 784	539 190
	$8 732 764	$660 042

5. Administrative expenses

	1985 (12 months)	1984 (3½ months)
Directors' fees	$8 825	$2 330
Wages, salaries and fringe benefits	770 278	84 025
Termination premiums	15 000	31 809
Professional fees	96 811	24 866
Travel	32 422	4 872
Rental of premises	94 740	11 441
Maintenance and repairs	13 974	1 600
Advertising and public information	57 464	4 291
Supplies	37 450	6 538
Communications	32 205	4 303
Equipment rental	11 130	831
Furniture, fixtures and leasehold improvements	73 347	357
Interest	47 307	180
Miscellaneous	767	
	1 291 720	177 443
Attendant charges:		
Fees to readers	21 912	19 075
Participation at film festivals	25 947	1 507
Film library	5 318	510
	53 177	21 092
	$1 344 897	$198 535

6. Subsidies — Government of Québec

These subsidies are paid for the following purposes:

	1985 (12 months)	1984 (3½ months)
Assistance programs	$8 000 000	
Administration expenses	1 500 000	$80 000
	$9 500 000	$80 000

7. Commitment

The Société is bound by a long-term lease maturing September 30, 1991, for administrative quarters. The minimum annual rent for the next five fiscal years, including a participation in certain other associated expenses, amounts to $94 000.

8. Contingent liabilities

The Société assumes contingent liabilities in the amount of $190 000 at March 31, 1985 for bank loan guarantees accorded under aid programs. Short-term deposits in that amount owned by the Société are held as collateral.

9. Comparative figures

Certain figures for 1984 in the statement of revenue and expenditure have been reclassified for consistency with the presentation adopted in 1985.

N.B.: Financial statements of the Institut québécois du cinéma are published on pages 164 to 167.

SOCIÉTÉ GÉNÉRALE DU CINÉMA DU QUÉBEC

R.S.Q., c. C-18.1 and amendments

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Société générale du cinéma du Québec as at March 31, 1985 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations for the year then ended in accordance with accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auuditor General of Québec

Québec, May 7, 1985

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

R.S.Q., c. S-17.1 and amendments

BALANCE SHEET

At March 31, 1985
(in thousands of dollars)

ASSETS	
Buildings (Note 3)	634 122
Investment in Place Desjardins Inc. (Note 4)	75 052
Material and machinery	5 425
Accounts receivable	7 429
Other assets (Note 5)	6 795
Cash and short-term deposits	6 517
	735 340
LIABILITIES	
Owed to the Government of Québec (Note 6)	514 985
Obligations arising from sale-leaseback contracts (Note 7)	25 970
Bank loans	50 198
Temporary loan from Place Desjardins Inc.	20 000
Accounts payable and accrued expenses	41 897
Outstanding cheques	8 388
	661 438
SHAREHOLDER EQUITY	
Capital stock (Note 8)	80 001
Contribution from the Government of Québec (Note 9)	7 666
Deficit	(13 765)
	73 902
	735 340

COMMITMENTS (Note 13)
CONTINGENT LIABILITIES (Note 14)

On behalf of the Board of Directors.

Jean-Yves Gagnon
Raymond Benoît

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

RESULTTS AND DEFICIT

for the period from February 15, 1984 to March 31, 1985
(in thousands of dollars)

PROCEEDS	
Government of Québec grants (Note 10)	113 751
Rent	5 130
Share of net earnings of Place Desjardins Inc. (Note 4)	386
Other	1 501
	120 768
CHARGES	
Building operating expenses	
Rented	56 930
Owned	49 008
Financial expenses — net (Note 11)	8 691
Property taxes (Note 12)	11 406
General and administrative expenses	12 139
Depreciation	4 279
	142 453
Deduct:	
Government of Québec grant (Note 10)	7 920
	134 533
NET LOSS FOR THE PERIOD AND DEFICIT AT MARCH 31, 1985	13 765

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

CHANGE IN FINANCIAL POSITION

for the period from February 15, 1984 to March 31, 1985
(in thousands of dollars)

SOURCE OF FINANCIAL RESOURCES	
Transfer of property from the public domain:	
Movables and immovables acquired	527 985
Financed by:	
Demand note	(447 985)
Subscription of capital stock	(80 000)
Acquisition of the assets of the Société de développement immobilier du Québec:	
Shares of Place Desjardins Inc.	7 666
Debentures of Place Desjardins Inc.	67 000
Financed by:	
Government of Québec advance	(67 000)
Government of Québec contribution	(7 666)
Obligations arising from sale-leaseback contracts	26 125
Bank loans	50 198
Temporary loan from Place Desjardins Inc.	20 000
Accounts payable and accrued expenses	41 897
Outstanding cheques	8 388
Subscription of capital stock	1
	146 609
USE OF FINANCIAL RESOURCES	
Net loss for the period	13 765
Items not involving an outlay of funds:	
Depreciation of fixed assets	(3 790)
Amortization of deferred expenses	(489)
Share of net earnings of Place Desjardins Inc.	386
Funds absorbeb by operations	9 872
Acquisition of buildings	114 924
Payments under obligations arising from sale-leaseback contracts	155
Acquisitions of material and machinery	428
Accounts receivable	7 429
Other assets	7 284
Cash and term deposits	6 517
	146 609

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Société is a limited liability company incorporated under the Act respecting the Société immobilière du Québec, which was approved December 21, 1983. The provisions of the Act concerning the incorporation of the Société entered into force on February 15, 1984. Its purpose is to make buildings available to public departments and organizations, for a consideration, and to provide them with construction, operation and building management services.

As of February 15, 1984, the Société completed certain activities required for its incorporation and, at the request of the Government of Québec, carried out certain real estate transactions. However, the Société's operations officially began on October 1, 1984, with the transfer of certain movable and immovable property from the public domain administered by the ministère des Travaux publics et de l'Approvisionnement.

The Société's is not subject to income tax and the tax on capital.

2. Accounting policies

The Société's financial statements were pepared by management in accordance with generally accepted accounting principles, within reasonable materiality limits.

The Société's accounting policies and its standards for presentation of financial information comply with the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies.

Buildings

— In service and used by the Société

Buildings in service and used by the Société acquired by transfer from the public domain are recorded at the value determined by the Government of Québec.

Other buildings are recorded at acquisition cost.

— Under construction

The cost of buildings under construction includes, in addition to direct costs, operating costs, property taxes, interest and the relevant fraction of general and administrative expenses during construction, after deducting rental proceeds. Buildings undergoing improvements are not considered in service until they are 70 % occupied, within a reasonable time period.

— To be sold

Buildings to be sold are valued at the lesser of cost or fair market value. Cost includes the depreciated cost of the buildings, operating expenses, property taxes, interest, the relevant fraction of accociated general and administrative expenses, after deducting rental proceeds. No depreciation is recorded on these buildings once the Société decides to dispose of them.

— Undevelpoed land; land undergoing development

Land that is undeveloped or on which development is in progress is valued at the lesser of cost or fair market value. Cost includes the depreciated cost of the buildings, operating expenses, property taxes, interest, the relevant fraction of associated general and administrative expenses, after deducting rental proceeds.

Material and machinery

Material and machinery acquired by transfer from the public domain are recorded at the value determined by the Government of Québec.

Subsequent acquisitions are recorded at cost.

Depreciation of fixed assets

Depreciation of buildings in service and used by the Société is calculated using the sinking fund method of depreciation, at a rate of 5 % annually, so that the cost of these buildings is depreciated over an anticipated service life of between 40 and 50 years.

Material and machinery are depreciated using the straight line method over an estimated service life of 5 years.

Investment in Place Desjardins Inc.

The Société records its 49 % share in Place Desjardins Inc. at equity value. Under this method, the investment is recorded at cost and increased or decreased by the Société's share of the net earnings or net loss of the company as of the date of acquisition. The investment is reduced by the amortization of the excess of the price paid over the book value of shares acquired and dividends paid by this company.

The excess of the price paid over the book value of shares acquired is amortized using the same method as for buildings in service.

Deferred expenses

Costs related to improvements completed before October 1, 1984 were recorded as deferred expenses under the "Other assets" item, and are amortized using the straight line amortization method over a life of 5 years.

Foreign exchange translation

Current asset and liability accounts are translated at the exchange rate in effect on the date of the balance sheet; accounts in the statement of results are translated at the exchange rate in effect on the date of the transaction. Gains or losses on foreign exchange are recorded in the results of the fiscal period.

Rental contracts

When, under the terms of a lease, practically all the advantages and risks inherent in the ownership of the property leased benefit or are the responsibility of the Société, the cost of the property leased as well as the present value of the obligation arising from the lease are recorded as if an acquisition of an asset and a loan were involved. Property covered by sale-leaseback contracts is amortized using the same method as for other fixed assets.

Rent arising from sale-leaseback conracts is recorded under results.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1985

3. Buildings

	Land	Buildings	Buildings leased under sale-leaseback contracts	Capitalized expenses	Total
	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)
In service	84 413	484 657	25 691		594 761
Used by the Société	4 250	9 989	434		14 673
	88 663	494 646	26 125		609 434
Under construction	3 000	19 868		1 412	24 280
For sale	2 281	136		253	2 670
Undeveloped land; land undergoing development	924			1	925
	94 868	514 650	26 125	1 666	637 309
Accumulated depreciation		3 092	95		3 187
	94 868	511 558	26 030	1 666	634 122

During the period, the following expenses were capitalized:

Operating expenses	888
General and administrative expenses	753
Property taxes, less rental proceeds	25
	1 666

On October 1, 1984, the government transferred buildings for an amount of $522 385 000 to the Société and movable property it owned amounting to $5 600 000.

4. Investment in Place Desjardins Inc.

On September 25, 1984, the Société was authorized by government decree to acquire, as of September 30, 1984, the assets and liabilities of the Société de développement immobilier du Québec in the following manner:

— acquisition at a price of $7 666 100 of 49 % of the common shares of the capital stock of Place Desjardins Inc.;

— acquisition of the debentures of Place Desjardins Inc. and of the associated long-term debt.

	(in thousands of dollars)
Book value of shares acquired	607
Excess of price paid over book value of shares acquired	7 059
Acquisition cost	7 666
Share of net earnings of the six-month period ended March 31, 1985, after deduction of amortization of excess price paid at acquisition	386
Equity value	8 052
Debentures — at cost	67 000*
	75 052

* Series A debentures, 1976, with a face value of $67 000 000 are subordinate guaranteed, bear fixed interest at an increasing rate, bear additional interest (as of January 1, 1986), have deferrable maturities and a sinking fund (as of January 1, 1986). The holder, the Société, has the option of deferring the December 31, 1985 maturity to December 31, 1995 or to December 31, 2005. The fixed interest at an increasing rate is at 3 % annually until December 31, 1985, 4 % annually until December 31, 1990, 5 % annually until December 31, 1995, and 10 % annually until December 31, 2005.

The Société does not intend to defer the December 31, 1985 maturity.

This transfer was settled as follows:

Demand note payable to the Minister of Finance, bearing no interest	447 985
80 000 shares of the Société immobilière du Québec issued to the Minister of Finance	80 000
	527 985

Summary financial statements of Place Desjardins Inc.
(in thousands of dollars)
Balance sheet at December 31, 1984

Current assets	
Société immobilière du Québec	20 000
Others	25 997
Fixed assets	192 236
Other assets	1 121
	239 354
Current liabilities	14 909
Long-term debt	
Société immobilière du Québec	67 000
Others	125 000
Deferred income taxes	30 770
	237 679
Shareholders' equity	
Capital stock	16 000
Deficit	(14 325)
	1 675
	239 354

Results and deficit for the fiscal year ended December 31, 1984

Revenue	57 616
Expenditure	49 230
Earnings before taxes and extraordinary items	8 386
Income taxes	(6 951)
Extraordinary items	1 403
Net earnings	2 838
Deficit at the beginning	17 163
Deficit at year-end	14 325

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

5. Other assets

	(in thousands of dollars)
Deferred expenses — at amortized cost	4 398
Supplies	1 335
Pre-paid expenses	1 062
	6 795

6. Owed to the Government of Québec

	(in thousand of dollars)
Demand note, bearing no interest	447 985
Advance	67 000*
	514 985

* This advance is subject to the same interest rates and repayment conditions as the debentures receivable from Place Desjardins Inc. The Société has agreed with the Government to repay this advance in full on December 31, 1985 from the proceeds of the debentures held in Place Desjardin Inc.

7. Obligations arising from rental contracts

The following table shows the minimum payments to be made after March 31, 1985 under commitments arising from leases, as well as the present value of obligations arising from sale-leaseback contracts.

Fiscal year	Sale-leaseback contracts	Operating lease contracts	Total
	(in thousands of dollars)	(in thousands of dollars)	(in thousands of dollars)
1986	4 507	62 389	66 896
1987	4 507	57 434	61 941
1988	4 507	51 189	55 696
1989	4 507	44 507	49 014
1990	4 507	38 352	42 859
Subsequent	71 652	452 167	523 819
Total mimimum payments	94 187	706 038	800 225
Less: Theoretical interest at average rate of 13.45%	51 668		
Incidental expenses	16 549		
	68 217		
Obligations arising from sale-leaseback contracts	25 970		

8. Capital stock

The shares belong to the public domain and are allocated to the Minister of Finance

	(in thousands of dollars)
Authorized:	
100 000 shares with a nominal value of $1 000 each	
Issued and paid for:	
80 001 shares, one of which was paid for in cash, the others as consideration for buildings transferred by the Government of Québec	80 001

9. Contribution from the Government of Québec

The contribution from the Government of Québec was acquired by the substitution of the Société immobilière du Québec for the Société de développement immobilier du Québec on October 1, 1984.

10. Government of Québec grants

	(in thousands of dollars)
For certain expenses incurred since February 15, 1984	7 920
For the acquisition of material and machinery	565
	8 485
For buildings made available to the Government of Québec as of October 1, 1984	113 751
	122 236

11. Financial expenses — net

	(in thousands of dollars)
Interest on bank loans	6 836
Interest on sale-leaseback contracts	1 649
Interest on advance from the Government of Québec	1 005
Interest on temporary loan from Place Desjardins Inc.	800
	10 290
less:	
Interest on Place Desjardins Inc. debentures	1 005
Interest on short-term deposits and others	594
	1 599
	8 691

12. Property taxes

Property and business taxes for the period from October 1 to December 31, 1984, amounting to about $10 million, were assumed and paid by the Government of Québec and are not reflected in the statement of results and of the deficit.

13. Commitments

Improvement and construction projects

At March 31, 1985, the estimated cost of improvement and building construction projects the Société plans to undertake amounts to $104 million, of which $86 million will be undertaken in 1985-1986.

Sick leave

Accumulated sick leave for employees of the Société totals some $6 million at March 31, 1985, the major portion of which is due to the transfer of assets and liabilities from the ministère des Travaux publics et de l'Approvisionnement at October 1, 1984. This sick leave will be charged to operations, either as it is used up by employees or as it is paid.

14. Contingent liabilities

Claims and legal proceedings against the Société are pending as at the date of preparation of the financial statements. Based on the information available, management is of the opinion that it is unlikely that any liability could be considered significant with respect to these claims and proceedings compared to the Société's financial position.

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

R.S.Q., c. S-17.1 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Société immobilière du Québec at March 31, 1985 as well as the statement of results and deficit for the period from February 15, 1984 to March 31, 1985. My examination was conducted in accordance with generally accepted auditing principles, and accordingly included such test and other procedures I considered necessary under the circumstances.

In my opinion, these financial statements accurately present the financial position of the Société at March 31, 1985 as well as the results of its operations and the change in its financial position for the period then ended in accordance with generally accepted accounting principles.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 17, 1985

SOCIÉTÉ INTER-PORT DE QUÉBEC

R.S.Q., c. S-18

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	$79 808	$76 036
Term deposits	277 904	225 600
Accounts receivable	850	350
Accrued interest receivable	3 481	1 699
Subsidy receivable	1 234 800	398 000
	1 596 843	701 685
INVESTMENTS		
Gestion Électromec Inc.		
736 preferred shares	200 000	200 000
736 common shares (12% interest)	200 000	200 000
	400 000	400 000
FIXED ASSETS (Note 3)		
Land — Pointe-de-la-Martinière, furniture, equipment and leasehold improvements	2 796 802	2 462 125
Less: accumulated depreciation	42 419	25 582
	2 754 383	2 436 543
	$4 751 226	$3 538 228
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$58 977	$32 227
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized:		
1 000 common shares, $1 par value		
Issued:		
1 000 shares	1 000	1 000
CONTRIBUTED SURPLUS	4 738 000	3 598 000
ACCUMULATED SURPLUS OF EXPENDITURE OVER REVENUE	(46 751)	(92 999)
	4 692 249	3 506 001
	$4 751 226	$3 538 228

On behalf of the Board of Directors,

J.F. Bourassa, Director
Marc Lefrançois, Director

SOCIÉTÉ INTER-PORT DE QUÉBEC

ACCUMULATED SURPLUS OF EXPENDITURE OVER REVENUE

for the fiscal year ended March 31, 1985

	1985	1984
ACCUMULATED SURPLUS OF REVENUE OVER EXPENDITURE (OF EXPENDITURE OVER REVENUE) AT BEGINNING OF YEAR	$(92 999)	$536 421
Surplus revenue over expenditure (expenditure over revenue)	46 248	(629 420)
SURPLUS EXPENDITURE OVER REVENUE AT YEAR-END	$(46 751)	$(92 999)

CONTRIBUTED SURPLUS

for the fiscal year ended March 31, 1985

	1985	1984
BALANCE AT THE BEGINNING	$3 598 000	$3 200 000
Subsidy — Canada-Québec auxiliary agreement		
Acquisition of Pointe-de-la-Martinière land	1 138 000	
Acquisition of investments	2 000	398 000
	1 140 000	398 000
BALANCE AT YEAR-END	$4 738 000	$3 598 000

SOCIÉTÉ INTER-PORT DE QUÉBEC

OPERATING RESULTS
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Subsidy	$844 800	
Interest earned	63 870	$99 250
	908 670	99 250
EXPENDITURE		
General and administrative expenses	620 482	492 816
Research costs	119 762	103 029
Advertising and printing	101 757	122 971
	842 001	718 816
	66 669	(619 566)
OTHER EXPENDITURE		
Surplus expenditure over revenue — Pointe-de-la-Martinière project	20 421	9 854
SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	$46 248	$(629 420)

SOCIÉTÉ INTER-PORT DE QUÉBEC

ÉVOLUTION DE LA SITUATION FINANCIÈRE
for the fiscal year ended March 31, 1985

	1985	1984
SOURCE OF WORKING CAPITAL		
Operations:		
Surplus revenue over expenditure	$46 248	
Plus depreciation of fixed assets not affecting working capital	16 837	
	63 085	
Increase in contributed surplus	1 140 000	$398 000
	1 203 085	398 000
APPLICATION OF WORKING CAPITAL		
Operations:		
Surplus expenditure over revenue		629 420
Less depreciation of fixed assets not affecting working capital		17 167
		612 253
Acquisition of an investment		400 000
Acquisition of fixed assets	334 677	356 783
	334 677	1 369 036
INCREASE (DECREASE) IN WORKING CAPITAL	868 408	(971 036
WORKING CAPITAL AT THE BEGINNING	669 458	1 640 494
WORKING CAPITAL AT YEAR-END	$1 537 866	$669 458

SOCIÉTÉ INTER-PORT DE QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

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1. Scope of activity

Under its founding Act, the purpose of the Société Inter-Port de Québec is to:

(a) design program and plans for the establishment of an industrial complex in the Québec City area that would be able to take advantage of port facilities and contribute to their development;

(b) undertake the work necessary to implement the plans and programs so designated and engage in industrial, commercial and other activity so as contribute to the development of an industrial complex.

The Société may call upon the services of any person or firm in the carrying out of these purposes.

Under an Order-in-Council, the Société has been made responsible for:

(a) preparing plans and projects with a view to stimulating the industrial development of the Québec City area by undertaking industrial selection and feasibility studies and preparing documents promoting industry;

(b) placing the documentation it has prepared for industrial promotion at the disposal of interested regional parties, industrial commissioners in particular;

(c) acquiring and servicing industrial sites located alongside the St. Lawrence River and providing assistance to municipalities in the development of other industrial sites in the region;

(d) promoting industrial projects by placing the accent on those forming part of the complex that would benefit from port facilities and coordination efforts with industrial commissioners of the region;

(e) exercising commercial or industrial activities directly by associating itself with any person or firm.

2. Accounting policies

a) Investment

The investment is recorded at cost.

(b) Fixed assets

Fixed assets are recorded at cost price. The cost of Land at Pointe-de-la-Martinière includes the cost of acquisition and attendant charges such as notaries' and surveyors' fees, landscaping and others.

Depreciation on furniture and equipment is charged on the diminishing balance at a 20% annual rate. Leasehold improvements are depreciated using the straight-line method over the term of the lease.

(c) Contributed surplus

All amounts received since February 1, 1983 as subsidy from the provincial and federal governments under the Canada-Québec auxiliary agreement for the acquisition and development of industrial land at Pointe-de-la-Martinière and any Société participation in industrial projects are recorded as contributed surplus.

3. Fixed assets

	1985			1984
	Cost Price	Accumulated Depreciation	Net	Net
Land: Pointe-de-la-Martinière	$2 703 252		$2 703 252	$2 377 542
Furniture and equipment	77 908	$32 181	45 727	49 335
Leasehold improvements	15 642	10 238	5 404	9 666
	$2 796 802	$42 419	$2 754 383	$2 436 543

4. Contingent recovery

Under an agreement signed during fiscal 1981, the Société made a commitment to participate financially up to $20 000 in a feasibility study of an installation for processing oleaginous plants. This financial assistance is subject to certain conditions which, if they are not met, will mean that the investment of $16 992 at March 31, 1985 may be recovered.

5. Commitment

Under a lease expiring July 31, 1986, the Société rents a building for the minimum annual rent of $59 921. Total minimal rent to the term of the lease is $79 895.

SOCIÉTÉ INTER-PORT DE QUÉBEC

R.S.Q., c. S-18

AUDITORS' REPORT

To shareholders of the
Société Inter-Port de Québec:

We have examined the balance sheet of the Société Inter-Port de Québec at March 31, 1985 as well as the statement of operating results, that of cumulative surplus, contributed surplus and that of working capital for the fiscal year then ended. We obtained all information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

From the information and explanations provided to us and those shown on Société books, these statements in our opinion accurately present the financial situation of the Société at March 31, 1985 as well as its operating results and the change in its financial situation for the year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Poissant Richard/Thorne Riddell,
Chartered Accountants

Québec, May 10, 1985

SOCIÉTÉ NATIONALE DE L'AMIANTE

R.S.Q., c. S-18.2

CONSOLIDATED BALANCE SHEET

as at March 31, 1985

(in thousands of dollars)

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash and deposits	30 523	25 833
Accounts receivable	35 221	37 822
Inventories (Note 4)	32 977	59 210
Prepaid expenses	1 552	2 862
	100 273	125 727
INVESTMENTS		
Investments in affiliated companies (Note 5)	5 271	4 126
Other investments, at cost	812	1 064
	6 083	5 190
FIXED ASSETS (Note 6)	130 228	156 567
OTHER ASSETS (Note 7)	19 020	42 672
	255 604	330 156
LIABILITIES		
CURRENT LIABILITIES		
Bank loans (Note 8)	45 190	55 211
Accounts payable and accrued charges	28 642	29 094
Taxes	513	6 485
Long-term debt payments due within a year	5 915	4 767
	80 260	95 557
LONG-TERM DEBT (Note 9)	56 785	60 176
ALLOWANCE FOR CONTINGENT LIABILITY (Note 12)	75 608	
ALLOWANCE FOR DEFERRED INCOME AND SALES TAXES	3 052	10 889
MINORITY SHAREHOLDER INTEREST	81 636	130 731
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 10)	94 769	59 754
CONTRIBUTED SURPLUS	2 500	2 500
DEFICIT	(139 006)	(29 451)
	(41 737)	32 803
	255 604	330 156

CONTINGENT LIABILITIES (Note 12)

On behalf of the Board of Directors,

Jacques Paquin
Gilles Lachance

SOCIÉTÉ NATIONALE DE L'AMIANTE

CONSOLIDATED STATEMENT OF OPERATING RESULTS
for the fiscal year ended March 31, 1985

(in thousands of dollars)

	1985	1984
SALES	115 711	143 598
COST OF SALES, SALES AND ADMINISTRATION EXPENSES	134 066	160 018
LOSS BEFORE THE FOLLOWING ITEMS	(18 355)	(16 420)
Depreciation of fixed assets and other assets	10 150	12 261
Interest on long-term debt	6 127	5 826
Other financial expenses	6 059	7 485
Expenses related to research and development	3 441	882
Interest revenue and foreign exchange gains	(6 504)	(4 925)
Share of earnings of affiliated companies	(299)	(509)
LOSS BEFORE INCOME TAXES, MINORITY INTEREST AND EXTRAORDINARY ITEMS	(37 329)	(37 440)
Income taxes recovered	4 019	9 972
LOSS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	(33 310)	(27 468)
Minority interest	11 916	16 410
LOSS BEFORE EXTRAORDINARY ITEMS	(21 394)	(11 058)
Extraordinary items (Note 3)	(88 161)	(252)
LOSS FOR THE FISCAL YEAR	(109 555)	(11 310)

CONSOLIDATED STATEMENT OF DEFICIT AND CONTRIBUTED SURPLUS
for the fiscal year ended March 31, 1985

(in thousands of dollars)

	1985	1984
CONSOLIDATED DEFICIT		
Balance at the beginning	(29 451)	(18 141)
Net loss	(109 555)	(11 310)
Balance at year-end	(139 006)	(29 451)
CONSOLIDATED CONTRIBUTED SURPLIS		
Contributed surplus from the increasse in value of plant acquired	2 500	2 500

SOCIÉTÉ NATIONALE DE L'AMIANTE

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985

(in thousands of dollars)

	1985	1984
SOURCE OF FUNDS		
Loss before extraordinary items	(21 394)	(11 058)
Items requiring no movement of funds:		
Depreciation on fixed and other assets	10 150	12 261
Profit on sale of investments and fixed assets	(100)	66
Undeferred development charges on industrial projects	3 063	347
Deferred income tax	(3 950)	(11 856)
Share in the net profit of affiliated companies	(299)	(509)
Minority shareholders' share of losses of certain subsidiaries	(11 916)	(20 184)
Funds used for operations	(24 446)	(30 933)
Issue of capital stock	35 015	10 657
Sale of investments and fixed assets	9 567	79
Long-term borrowings	4 288	11 808
Receipts on long-term loans and miscellaneous	658	3 303
Contributed surplus — added value on acquisition		2 500
	25 082	(2 586)
APPLICATION OF FUNDS		
Investment by sector: (Detail p. 439)		
Mines	8 547	3 912
Asbestos-cement products	5 357	2 407
Asbestos paper	241	431
Wire and friction materials	1 215	831
Magnesium	4 087	4 832
New products	3 714	2 698
	23 161	15 111
Decrease in long-term debt	7 679	4 371
Extraordinary items	4 329	398
Miscellaneous	70	2 810
	35 239	22 690
DECREASE IN WORKING CAPITAL	(10 157)	(25 276)
WORKING CAPITAL AT THE BEGINNING	30 170	55 446
WORKING CAPITAL AT YEAR-END	20 013	30 170

SOCIÉTÉ NATIONALE DE L'AMIANTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
at March 31, 1985

1. Legal status and purpose

The Société nationale de l'amiante (SNA) is a corporation whose shares are entirely held by the Government; it was founded by the Act respecting the Société nationale de l'amiante (R.S.Q., c. S-18.2). Under that Act, the SNA was given the role of seeking out and mining asbestos deposits, as well as carrying on all industrial, manufacturing or commercial activities in connection with the processing of asbestos fibre and research into the development of new uses for the material and methods of processing it.

2. Major accounting policies

Consolidation

The consolidated financial statements encompass the accounts of the SNA and its subsidiaries, which are the following:

	Interest held %	
	1985	1984
Mines-SNA Inc. and its subsidiary Société Asbestos Limitée*	51.4	51.4
Les Mines d'Amiante Bell, Ltée	100.0	100.0
Atlas Turner Inc. and its subsidiaries	100.0	100.0
Turners Building Products Ltd.	100.0	100.0
Lupel-SNA Inc.	100.0	100.0
Filaq-SNA Inc.	67.7	67.7
Descon-SNA Inc.	55.0	55.0
Chrysophosphate-SNA Inc.	100.0	90.0
Metamag-SNA Inc.	91.4	90.0
Ceram-SNA Inc.	78.0	70.0
Sodac-SNA Inc.	67.5	50.0
Magnaq Inc.	100.0	
133299 Canada Inc.**	80.0	

* The accounts of Mines-SNA Inc. include those of the Société Asbestos Ltée., 54.6 % controlled by Mines-SNA Inc.

Capital stock issued by Mines-SNA Inc. is comprised of 21 124 class "A" common shares with 5 votes per share and 100 000 other common shares with one vote each. The SNA holds 21 124 class "A" shares, which assures it 51.4 % of voting rights yet only 17.4 % of operating results since there are 100 000 other common shares. Considering that Mines-SNA Inc. holds 54.6 % of stock issued by Société Asbestos Limitée, the SNA has a 9.5 % interest in the operating results of that company.

** This subsidiary owns 50 % of the shares of Roto-SNA Inc.

Investments

Investments in other companies, in which the SNA holds a large block of shares which enables it to exercise a significant influence over management, (namely Distex-SNA Inc., Roto-SNA Inc., and Industries Trois-R Inc.) are shown on an equity basis.

Other participating investments are recorded at the lesser of cost price or net realization value.

Inventories

Inventories are valued at the lesser of cost or net realization value.

Inventories are valued according to the FIFO and average cost methods.

Fixed assets

Fixed assets are recorded at acquisition cost less depreciation, the depreciation and depletion rates used being based on the service life of the fixed assets. No depreciation is charged for inactive mining properties.

Other assets

— Deferred development charges for mining claims

The costs of developing mining claims are amortized on a straight-line basis or in proportion to the amount of recovered mineral used.

— Deferred development charges on industrial projects

These are expenditure on pilot projects and new products that are likely to be manufactured on an industrial scale within a reasonable time.

Costs are deferred while the project has a chance of success, to be charged to the project itself when operational, otherwise to the year's operating results.

— Deferred start-up costs, client base and consolidated goodwill

These items are depreciated using the straight-line method over periods not exceeding ten years.

Income tax

Being a corporation whose shares are entirely held by the Government, the Société nationale de l'amiante is exempt from income tax as are its wholy-owned subsidiaries.

As for other subsidiaries, the interperiod tax allocation method is used.

Pension plans

There are several pension plans in effect. The cost of current service is charged to operations in the fiscal year when capitalization is required. The cost of past service is capitalized on the basis of periodic actuarial valuation and charged to operations when payment is made.

Foreign exchange

Monetary assets and liabilities in foreign currencies are converted into Canadian dollars at the exchange rate in effect at the end of the fiscal year. Non-monetary assets and liabilities are converted at the exchange rate on the date of each of the transactions.

Items in the statement of results, other then depreciation, are converted at the average exchange rate of the fiscal year. Depreciation is converted at the same rate as the assets involved.

The gain or loss on exchange is recorded in the statement of results.

SOCIÉTÉ NATIONALE DE L'AMIANTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

3. Extraordinary Items
(in thousands of dollars)

	1985	1984
Provision corresponding to the purchase premium which would have been paid on the shares of Mines-SNA Inc. held by the co-shareholder (General Dynamics Limited), if the sale option had been exercised on 31-03-85 on their book value on the same date (Note 12)	(75 608)	
Share in the losses of a subsidiary following the sale of certain of its assets and write-down of its mining properties located in Ungava (Québec), after deducting related income taxes	(3 942)	
Loss resulting from the interruption of a production line of a subsidiary and the write-down of the related fixed assets	(3 500)	
Loss resulting from the write-off of deferred expenses	(5 111)	
Gain resulting from the cancellation of deferred income taxes		146
Share of loss of subsidiary relative to the suspension of activity at a mining property and reduction of its inventories		(398)
	(88 161)	(252)

4. Inventories, at the lesser of cost or net realization value
(in thousands of dollars)

	1985	1984
Finished goods		
— asbestos	17 410	33 063
— manufactured products	2 812	3 253
Semi-finished goods		
— asbestos		4 238
— proceeds goods	248	397
Raw materials	1 504	1 866
Supplies	11 003	16 393
	32 977	59 210

5. Investments in affiliated companies
(in thousands of dollars)

	1985	1984
Equity in common shares:		
— Industries Trois-R Inc. (30%)	32	32
— Distex-SNA Inc. (50%)	2 048	2 069
— Roto-SNA Inc. (50%)	686	
Loan, with interest conditional on profits		
— Distex-SNA Inc.	1 500	1 500
Other loans		
— Roto-SNA Inc.	600	
— Distex-SNA Inc.	405	525
	5 271	4 126

6. Fixed assets
(in thousands of dollars)

	Cost	Amortized Accumulated Depreciation	Amortized Cost 1985	Cost 1984
Producing properties				
Mining properties	185 826	112 053	73 773	73 054
Manufacturing properties	35 613	6 555	29 058	22 924
	221 439	118 608	102 831	95 978
Inactive properties				
Mining properties	93 155	44 993	48 162	58 943
Manufacturing properties	3 045	1 233	1 812	1 646
	96 200	46 226	49 974	60 589
Write-down	22 577		22 577	
	73 623	46 226	27 397	60 589
	295 062	164 834	130 228	156 567

The cost of fixed assets includes $14 524 000 for those held under capital lease contracts ($10 735 000 in 1984) as well as $2 500 000 upon acquisition of Lupel-SNA installations at Cap-de-la-Madeleine.

SOCIÉTÉ NATIONALE DE L'AMIANTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Other assets
(in thousands of dollars)

	1985	1984
Deferred development charges — mining claims, at amortized cost	6 828	30 068
Deferred development charges on industrial projects, at cost	6 314	10 372
Deferred start-up costs, amortized	4 286	2 109
Client base, claim and consolidated goodwill	1 592	123
	19 020	42 672

8. Bank indebtedness

Bank indebtedness is secured by assignments of accounts receivable, inventories and certain assets with a book value of about $73 195 000.

9. Long-term debt
(in thousands of dollars)

	1985	1984
Bonds, at $^3/_8$ of 1% above prime, payable in part or in whole upon notice of 45 to 90 days by the SNA, maturing March 31, 1996	23 500	23 500
Banks loans, at 1% above prime, payable in 20 quarterly installments beginning January 1, 1985 secured by a mortgage and floating charge on the fixed assets of a subsidiary, subject to early repayment at any time	9 500	10 000
Series "A" sinking-fund debentures, 9.75 %, maturing July 15, 1990, the sinking fund requirements being $1 million annually	8 894	9 998
Demand note, at $^1/_4$ of 1 % above prime, payable in 5 equal and consecutive installments as of June 1, 1985	2 500	2 500
Commitments under capital lease contracts, at various rates of interest, payable by periodic installments, from 1985 to 1993	14 094	10 936
Bank indebtedness, Federal Republic of Germany		3 112
Other long-term debt, various rates and maturities	4 212	4 288
	62 700	64 334
Payments coming due within a year	5 915	4 158*
	56 785	60 176

* Payments coming due within a year account for the conversion of DM at the rates in effect when borrowing took place.

Payments due over the next five fiscal years are as follows: 1986, $5 915 000, 1987, $6 099 000; 1988, $5 597 000; 1989, $4 960 000; 1990, $4 585 000.

10. Capital stock
(in thousands of dollars)

	1985	1984
Authorized 250 000 common shares at $1 000 par value		
Issued and paid-up: 94 769 shares (59 754 at March 31, 1984)	94 769	59 754

Pursuant to its constitutive Act, all Société nationale de l'amiante shares are part of the public domain and assigned to the Minister of Finance.

The SNA issued 35 015 common shares for $35 015 000 during the fiscal year ended March 31, 1985.

11. Commitments

Leases

Under an operating lease contract expiring December 31, 1997, a subsidiary of the Société has undertaken to make total payments of $18 380 000. Payments due over the next five fiscal years are as follows: 1986, $1 179 000; 1987, $1 181 000; 1988, $1 242 000; 1989, $1 376 000; 1990, $1 418 000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

12. Contingent liabilities

Acquisition of Mines-SNA Inc.

On February 12, 1982, the Société nationale de l'amiante subscribed 21 124 class "A" common shares of Mines-SNA Inc. (formerly General Dynamics (Canada) Limited) for an amount of $17 251 544, with each share having 5 votes, thereby gaining control of 51.4 % of common stock voting rights.

In connection with this share subscription, SNA signed an agreement with its partner in Mines-SNA Inc., General Dynamics Limited (GD US) setting forth the terms of a sales option by that corporation and of an SNA purchase option for all common shares they hold in Mines-SNA Inc. General Dynamics may exercise its option between February 12, 1984 and February 12, 1987 by selling its shares to SNA for a total price of $81 545 809, indexed at 16 % beginning January 1, 1982. Payment of the shares price would be made by means of promissory notes due on the day following their fifth anniversary.

In view of the difficult outlook for the asbsetos sector, and in view of the very probable acquisitions by SNA of the shares of Mines SNA Inc held by GD US, SNA is of the view that it is reasonable to immediately record in its financial statements the accounting effects of this transaction assuming the situation is clarified by March 31, 1985.

SNA has therefore recorded, as an extraordinary item, an allowance in the amount of $75 608 000, thus reflecting the permanent drop in the value of the investment as if the transaction had indeed been finalized.

Loan guarantees

The Société guarantees the repayment of a bank loan granted to a company subject to significant influence, Distex-SNA Inc., up to $2 400 000 on authorized credit of $3 721 000. At March 31, these bank loans amount to $3 320 000.

Lawsuits

Some SNA subsidiaries are among the companies cited as defendants in these lawsuits before the courts in various states of the U.S. for damages purportedly resulting from asbestos-related illnesses. The number of claims filed did not decrease during the fiscal year. The companies admit no responsibility and are challenging the claims before courts in the United States. Should a decision be handed down in the U.S. against subsidiaries, it could not become executory before being validated by a competent Québec court, in the opinion of legal experts consulted. The liability of subsidiaries which might arise from these suits is in any case largely covered by insurance.

Magnesium oxide production plant

At March 31, 1985, the Société's assets included an amount of $16 531 176 with respect to a plant to produce magnesium compounds (Magnaq Inc.), on which construction began in 1982.

As a result of serious difficulties encountered in attempting to make this plant operational, SNA secured the services of a reputable engineering firm to carry out a critical assessment of the process and the plant. The preliminary results of this study indicate that modifications will have to be made to the process and to the existing equipment.

However, it is too early to indicate what the effects of these changes will be on the profitability of the project.

13. Comparative figures

For purposes of comparison with the figures of the current fiscal year, certain figures for the preceding fiscal year have been regrouped and reclassified.

SOCIÉTÉ NATIONALE DE L'AMIANTE

ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended March 31, 1985

(in thousands of dollars)

							Total	
Investment by sector	Mines	Asbestos Cement	Asbestos Paper	Thread & Friction Materials	Magnesium	New Products	1985	1984
Industrial project development costs and sundry	1 429	838	83	92	173	682	3 297	3 532
Acquisition of fixed assets	6 878	2 708	158	2	1 852	2 807	14 405	9 306
Development and start-up costs	240	41		21	2 062	225	2 589	1 479
Investment in subsidiaries and affiliated companies		101		1 100			1 201	701
Claim, goodwill and technology		1 669					1 669	93
	8 547	5 357	241	1 215	4 087	3 714	23 161	15 111

SOCIÉTÉ NATIONALE DE L'AMIANTE

R.S.Q., c. S-18.2

AUDITORS' REPORT

To the Minister responsible for the
Société nationale de l'amiante

We have examined the consolidated balance sheet of the Société nationale de l'amiante at March 31, 1985 as well as the consolidated statement of operating results, that of deficit and contributed surplus and that of change in financial position for the fiscal year ended March 31, 1983. We obtained all the information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

From the information and explanations provided to us and those shown on the Société books, these statements in our opinion accurately present its operating results and change in financial position for the fiscal year ended March 31, 1985 as well as its financial situation on that date, according to generally accepted acounting principles applied on a basis consistent with that of the previous year.

Maheu Noiseux,
Chartered Accountants

Thetford Mines, May 14, 1985

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21 and amendments

OPERATING FUND

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 5)	$4 233 697	$1 377 069
Prepaid expenses	437 885	27 610
	4 671 582	1 404 679
LONG-TERM RECEIVABLES (Note 6)	275 982 613	103 400 931
FIXED ASSETS (Note 7)	101 893	111 575
DISCOUNT AND ISSUANCE EXPENSES ON LONG-TERM DEBT	29 585 196	6 197 191
INVESTMENT FOR PURPOSES OF REPAYING LONG-TERM DEBT	58 035	
	$310 399 319	$111 114 376
LIABILITIES		
CURRENT LIABILITIES		
Bank loans and outstanding cheques	$6 929 910	$2 444 532
Accounts payable and accrued charges	1 013 184	576 637
	7 943 094	3 021 169
LONG-TERM DEBT (Note 8)	302 662 290	109 598 122
	310 605 384	112 619 291
DEFICIT	(206 065)	(1 504 915)
	$310 399 319	$111 114 376

COMMITMENTS (Note 10)
COMPARATIVE FIGURES (Note 12)

On behalf of the Board of Directors,

Pierre M. Vachon
J.Y. Babin

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21 and amendments

WORK IN PROGRESS FUND

BALANCE SHEET
as at March 31, 1985

	1985	1984
ASSETS		
Draft project	$4 013 928	$4 654
Studies of waste water by infiltration and collection (EPIC studies)	28 116 735	20 154 357
Water treatment		
— Upgrading	28 514 813	2 660 529
— Handling of waste	112 228 175	52 989 548
— Purification	141 127 835	47 063 112
	281 870 823	102 713 189
TOTAL WORK IN PROGRESS (Note 9)	$314 001 486	$122 872 200
LIABILITIES		
Accounts payable	$17 369 147	$7 360 948
Holdbacks on contracts	7 514 953	2 514 102
Deferred credits — contributions	2 922 217	2 922 217
Fund balance — Disbursements for work in progress	286 195 169	110 074 933
	$314 001 486	$122 872 200

CONTINGENT LIABILITIES (Note 11)
COMPARATIVE FIGURES (Note 12)

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

OPERATING FUND

REVENUE AND EXPENDITURE AND DEFICIT

for the fiscal year ended March 31, 1985

	1985	1984
REVENUE		
Management fees (Note 3)	$8 172 463	$3 336 235
EXPENDITURE		
Wages, salaries and fringe benefits	2 709 365	1 745 045
Transportation and communications	643 738	304 876
Professional, administrative and other services	2 559 562	345 492
Maintenance and repairs	107 156	12 563
Rent	367 450	295 646
Supplies	135 249	38 451
Material and equipment	229 236	6 305
Financial expenses — net (Note 4)	64 876	230 655
Other	6 035	25 757
Depreciation of fixed assets	50 946	
	6 873 613	3 004 790
SURPLUS OF REVENUE OVER EXPENDITURE	1 298 850	331 445
DEFICIT AT THE BEGINNING	1 504 915	1 836 360
DEFICIT AT YEAR-END	$206 065	$1 504 915

COMPARATIVE FIGURES (Note 12)

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

NOTES TO FINANCIAL STATEMENTS

for the fiscal year ended March 31, 1985

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1. Constitution, purpose and financing

The Société québécoise d'assainissement des eaux, a corporation within the meaning of the Civil Code, incorporated under a special Act, has been given the following purpose:

- design, build, improve, expand, start up, finance or operate water treatment installations for the needs of municipalities and carry out restoration work on municipal sewer systems;
- carry out studies for restoration of municipal sewer systems;
- carry out other studies with respect to sewers and water treatment;
- finance work to improve the bed, including lake shores and land bordering lake shores or water courses;
- finance work to regulate water levels in lakes and water courses.

The Société has been given until December 31, 1990 to undertake the construction, improvement or expansion of water treatment facilities and municipal sewer restoration work.

The Société is a non-profit organization; it bills the Government of Québec and the municipalities for the water treatment work it carries out.

Water treatment installations are assigned to the municipalities in accordance with conditions agreed upon by the parties.

2. Accounting policies

The Société's operations are presented by funds to show how the treatment work it carries out is financed, and to provide other useful information.

Operating fund

The Société uses the cash and accrual methods to record operations in the operating fund.

Revenue

Management fees are determined according to a percentage of the cost to complete the work.

Revenue from management fees billed for treatment work are recorded in a tickler file. Management fees are distributed evenly over the estimated duration of the work. Management fees derived from EPIC studies and draft project studies are recorded when disbursements are charged to the cost of these studies.

Expenditures

Current operating expenditure is recorded using the accrual method.

Long-term receivables

Long-term receivables form the Government of Québec and the municipalities for which treatment facilities and studies have been completed are consideration for financing, after deducting repayments received.

Fixed assets

Fixed assets whose unit cost is $50 000 or more are recorded at acquisition cost and depreciated using the straight-line method over a period of three years. Other fixed assets are charged to operations for the fiscal year.

Long-term debt

Interest expense on the long-term debt is recorded when paid.

Discount and issuance expense on the long-term debt

Discount and issuance expense on the long-term debt are amortized according to the effective rate and the term of the borowing, and the amortization is recorded on the anniversary date of the borrowing.

Work in progress

Costs chargable to treatment facilities and studies, as well as interim term financing, are recorded using the accrual method.

3. Management fees

	1985	1984
Draft project studies	$296 204	
EPIC studies	946 375	$852 245
Treatment facilities	6 858 367	2 464 429
Joint facilities	71 517	19 561
	$8 172 463	$3 336 235

4. Net financial expense

	1985	1984
Interest on bank indebtedness	$7 343 117	$5 563 325
Interest on long-term debt	5 357 288	
Amortization of discount and issuance expenses of the long-term debt	1 004 871	
	13 705 276	5 563 325
Less: interest charged to work in progress and interest billed to the Government of Québec and municipalities	13 640 400	5 332 670
	$64 876	$230 655

5. Accounts receivable

	1985	1984
Government of Québec	$3 321 842	$1 173 373
Municipalities	420 328	170 089
Other	491 527	33 607
	$4 233 697	$1 377 069

6. Long-term receivables

	1985	1984
Government of Québec		
Draft project studies	$3 281 869	
EPIC studies	20 296 274	$15 288 984
Facilities	222 474 702	74 840 026
	246 052 845	90 129 010
Municipalities — Facilities	29 929 768	13 271 921
	$275 982 613	$103 400 931

7. Fixed assets

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Computer equipment and software	$152 839	$50 946	$101 893	$111 575

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

NOTES TO FINANCIAL STATEMENTS (cont'd)
for the fiscal year ended March 31, 1985

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8. Long-term debt

	1985	1984
Series A bonds, guaranteed by the Government of Québec as to principal and interest at 8¼% (actual yield of 12.40% within discount), repayable October 31, 1988, interest payable annually.	$40 000 000	$40 000 000
Series B bonds, guaranteed by the Government of Québec as to principal and interest, at 13.15% (actual yield of 13.43% with discount), initial amount of $25 000 000 U.S. repayable June 5, 1989, interest payable semi-annually. Principal and interest are covered by foreign exchange contracts at rates set in advance.	32 262 500	
Note payable, guaranteed by the Government of Québec as to principal and interest, at 8.55% (actual yield of 13.43% with discount), for an initial amount of 6 688 500 000 Yen, repayable June 27, 1989, interest payable annually. Principal and interest are covered by foreign exchange contracts at rates set in advance.	50 309 830	
Note payable, guaranteed by the Government of Québec as to principal and interest, at 10.56% (actual yield of 12.85% with discount), repayable November 30, 1989, interest payable annually.	34 148 025	
Note payable guaranteed by the Government of Québec as to principal and interest at 9.20% (actual yield of 12.58% with discount), for an initial amount of $22 500 000 U.S. repayable January 31, 1997, interest payable annually. Principal and interest are covered by foreign exchange contracts at rates set in advance.	37 500 000	
Bank loans*	108 441 935	69 598 122
	$302 662 290	$109 598 122

* Long-term financing for these bank loans will be arranged once financing terms have been settled.

9. Work in progress

	1985	1984	Aggregate (December 1980 to March 31, 1985)
Opening balance	$122 872 200	$58 746 553	
Additions	191 129 286	64 125 647	$314 001 486
Closing balance	$314 001 486	$122 872 200	$314 001 486

10. Commitments

The Société is bound by leases extending until November 30, 1990, for renting office and other space.

The balance at March 31, 1985 is $998 254, with minimum payments due over the next five years as follows:

1986 — $204 548
1987 — 199 486
1988 — 162 060
1989 — 162 060
1990 — 162 060

11. Contingent liabilities

During the year, claims in the amount of $3 186 013 were submitted by various Société suppliers. The Société is challenging these. In the opinion of legal counsel, it is presently impossible to determine the outcome of suits and the amount for which the Société might be liable. Accordingly, no provision has been set aside. Any liability will be charged to the fund for work in progress.

12. Comparative figures

Beginning in this fiscal year, the Société has adopted a new presentation for its financial statements. Comparative figures for 1984 have been reclassified for consistency with the presentation adopted in 1985.

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION
for the fiscal year ended March 31, 1985

SOURCE AND CUMULATIVE ASSIGNMENT
OF FUNDS FOR WATER TREATMENT

		ASSIGNMENT OF FUNDS			
Project No.	Project name	Draft Project	EPIC Studies	Purification	Waste Handling
001	CUM, l'Anse-à-l'Orme		$106 019		
002	Val-David		88 962		
003	Sainte-Agathe-des-Monts		142 681	$12 303	
005	Deux-Montagnes		320 985		
006	Saint-Eustache		538 033		
007	Boisbriand		351 252		
008	Delson		81 983		
009	Candiac		110 218		
010	Sainte-Catherine		144 204		
011	Laprairie		178 219		
012	Saint-Placide		17 328		
013	Châteauguay		507 391	56 294	$4 370 166
014/015	Salaberry-de-Valleyfield/ Saint-Timothée		771 188	475 996	5 891 444
016/017	Beauharnois/Maple-Grove		170 426		
018/105	Saint-Hyacinthe/Sainte-Rosalie		392 405	1 792	13 526 029
019	Laval		4 367 580		
020	Sainte-Agathe-Sud		55 329		
021	Granby		551 264	691 162	3 562 356
022	Waterloo		225 367	150 241	1 523 913
023	Acton-Vale		143 936		2 222 970
024	Farnham		208 309	288 501	1 467 424
025	Cowansville		246 210	188 510	1 992 798
026	Fossambault-sur-le-Lac		150 496		58 074
027/028	Sainte-Aurélie/Saint-Zacharie		72 139	31 185	1 035 818
030/162	Grand-Mère/Saint-Georges (town)		197 175	497 100	2 341 460
031	Rock-Island		72 925		
032	Magog		306 568		
033/041/126/ 127/128	Sherbrooke/Rock-Forest/Canton Ascot Fleurimont/Lennoxville		992 190	65 067	621 549
034	Saint-Donat		41 601		
036	Frontenac		12 095	15 102	86 122
037/038	Lac-Mégantic/Nantes		149 927	139 519	1 901 169
039	Saint-Gédéon		39 605	86 718	371 478
040	Saint-Martin		12 740	469	758
042	Mont-Laurier		211 995	687 661	4 160 475
043/044/ 045	Saint-Louis-de-Pintendre/Lévis/ Saint-David-de-l'Auberivière		30 436		2 657 443
046	Bromont		135 414	7 121	953 404
047/048	Bernierville/Halifax-Sud		9 055	286	572 607
049	Roxton-Falls		72 579	192 913	383 982
050/485	Valcourt/Canton Valcourt		84 861	312 907	234 117
051	Val-Bélair		290 678	86 624	
052/053 054/ 056/057/059	Blainville/Bois-des-Filion/ Saint-Louis-de-Terrebonne Lorraine/Rosemère/Sainte-Thérèse		958 358		103 082
055/058 131/132 133/134/135	Boucherville/Saint-Hubert Brossard/Saint-Lambert Greenfield-park/Longueuil/Lemoyne	$262 139	2 151 750	8 501 444	2 725 254
060	Communauté Urbaine de Québec		424 449		
061	Québec		1 232 539		
062	Lac-Etchemin		91 673	30 258	336 315
063	Ascot-Corner		3 300	25 234	
064	Jonquière		724 795	2 112 696	7 835 925
065	Saint-Louis-de-France		71 137	3 041	559 396
066	Sainte-Angèle-de-Monnoir		22 006	10 281	
067	Saint-Pie		48 845	391 407	36 406
068	Marieville		78 528	419 963	1 282 274
069	Sainte-Julie		171 241	97 116	
070/281	Val-d'Or/Sullivan		421 556	142 379	3 380 910
071	Upton		29 326		

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	$106 019	$106 019			$106 019
	88 962	88 962			88 962
$337 249	492 233	311 608	$119 078	$61 547	492 233
	320 985	271 309		49 676	320 985
	538 033	538 033			538 033
	351 252	351 252			351 252
	81 983	50 166		31 817	81 983
	110 218	99 526		10 692	110 218
	144 204	143 746	458		144 204
	178 219	178 219			178 219
191 018	208 346	208 346			208 346
616 768	5 550 619	4 945 897	454 762	149 960	5 550 619
9 103 522	16 242 150	13 963 484	2 091 666	187 000	16 242 150
126 534	296 960	154 918	107 117	34 925	296 960
9 390 750	23 310 976	22 193 818	1 117 158		23 310 976
	4 367 580	4 297 580		70 000	4 367 580
1 874	57 203	55 330	1 873		57 203
21 699 605	26 504 387	25 499 334	365 053	640 000	26 504 387
3 603 958	5 503 479	5 234 808	182 671	86 000	5 503 479
3 742 210	6 109 116	5 717 021	170 095	222 000	6 109 116
1 054 059	3 018 293	2 896 547	98 746	23 000	3 018 293
1 975 370	4 402 888	4 062 126	340 762		4 402 888
8 723	217 293	208 570	8 723		217 293
1 676 224	2 815 366	2 805 697	4 069	5 600	2 815 366
308 557	3 344 292	3 146 354	197 938		3 344 292
	72 925	72 925			72 925
	306 568	306 568			306 568
1 153 333	2 832 139	2 630 841	201 298		2 832 139
	41 601	41 601			41 601
435 727	549 046	512 664	36 382		549 046
3 488 590	5 679 205	5 441 071	238 134		5 679 205
670 786	1 168 587	1 166 192	2 395		1 168 587
151 221	165 188	147 350	17 838		165 188
1 998 930	7 059 061	6 381 733	677 328		7 059 061
241 900	2 929 779	2 929 779			2 929 779
775 775	1 871 714	1 802 338	69 376		1 871 714
207 050	788 998	276 937	512 061		788 998
844 103	1 493 577	1 435 579	57 998		1 493 577
1 297 532	1 929 417	1 843 538	85 879		1 929 417
	377 302	357 157	20 145		377 302
552 756	1 614 196	1 476 355	137 841		1 614 196
3 856 192	17 496 779	14 659 115	2 837 664		17 496 779
	424 449	424 449			424 449
	1 232 539	1 232 539			1 232 539
1 512 723	1 970 969	1 965 933	5 036		1 970 969
345 022	373 556	373 556			373 556
8 239 826	18 913 242	17 737 174	1 176 068		18 913 242
1 523 924	2 157 498	2 127 132	30 366		2 157 498
324 348	356 635	346 529	10 106		356 635
107 631	584 289	530 495	53 794		584 289
368 129	2 148 894	2 126 231	22 663		2 148 894
2 021 323	2 289 680	2 196 804	92 876		2 289 680
13 066 257	17 011 102	16 361 515	649 587		17 011 102
	29 326	29 326			29 326

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS FOR WATER TREATMENT

		ASSIGNMENT OF FUNDS			
Project No.	Project name	Draft Project	EPIC Studies	Purifi-cation	Waste Handling
072/097	Vaudreuil/Dorion		$253 319	$74 916	$2 022 857
073	Chibougamau		204 575	480 795	1 791 385
074	Roberval		144 345	203 868	83 982
075	Sainte-Sophie				
076	Larouche		21 722	110 370	5 580
077	Laterrière		18 324	197 994	272 179
078	Laurentides		37 987		
080	Saint-Calixte		58 477	644	1 188
081	Saint-Gabriel		67 842	105 562	485 231
082	Disraëli		25 433		
083	Saint-Joseph-de-Coleraine		52 271	121 715	418 324
084	Cookshire		44 101		
085	Saint-Félicien		152 425	463 526	4 003 748
086	Rawdon		48 074	2 025	393 917
087	Sainte-Julienne			1 300	318 124
089	Omerville		11 988	72 760	38 025
090	Weedon-Centre		42 697	90 323	596 899
091	Saint-Jean-Baptiste		31 870	78 892	1 422 765
092	Mont-Rolland		52 062		
093	Sainte-Adèle		97 446		
096	Saint-Jean-de-Matha		57 378		
098/289/917	Trois-Lacs/Asbestos/Shipton		9 979		467
099/100	Laurier-Station/Saint-Flavien		49 178		
101	Métabetchouan		29 562	209 904	547 761
102	Pohénégamook		140 314	13 550	
103	Sainte-Émilie-de-l'Énergie		1 673	13 188	
104	Prévost		51 134	21	43 979
106	Matane		272 856	491 078	2 358 583
107	Chambord		25 083	243 821	15 107
108	Saint-Maurice				11 680
110/111	Amqui/Saint-Benoît-Joseph-Labre		118 750	229 898	707 446
112	Saint-Jean-de-la-Lande			1 140	12 259
113	Saint-Théophile				21 519
114	Saint-Élie-d'Orford		45 600		
115	Saint-Jovite		81 841	194 511	966 283
117	Saint-Constant		135 013		
118	Sainte-Madeleine		45 511	2 577	
119	Beaulac		8 622		
120	Saint-Nicéphore		39 720		
121	Vanier		205 652	16 297	
122	Saint-Cyrille		21 377		
123	Sainte-Hénédine		43 500	10 176	2 258
124/125/181	Rougemont/Saint-Césaire/ Saint-Michel-de-Rougemont		51 476	700	376 399
129	Saint-Gérard		9 754		
130	Stratford		13 391		
136/137/515	Saint-Georges/Saint-Georges-Ouest/ Aubert-Gallion		245 764	136 460	1 863 350
138	Saint-Germain		43 551		
139	Sainte-Lucie-des-Laurentides		57 904		
140	Loretteville		84 085	77 172	11 656
141	Canton d'Orford		18 428	1	740 911
142	Beebe-Plain		24 637		
143	Charlesbourg		1 084 909	166 243	
144	Ville-Marie		75 741		180 956
145	Stanstead-Plain		41 581		
146/ 147/ 148/149/	Sainte-Marthe-du-Cap-de-la-Madeleine/ Cap-de-la-Madeleine/ Trois-Rivières/Trois-Rivières-Ouest		105 589		410 685
154	Bernières		72 089		

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
$2 829 553	$5 180 645	$3 602 605	$228 040	$1 350 000	$5 180 645
4 097 316	6 574 071	6 277 162	296 909		6 574 071
4 908 968	5 341 163	5 012 951	328 212		5 341 163
320 507	320 507	303 892	16 615		320 507
659 964	797 636	757 848	39 788		797 636
652 736	1 141 233	1 089 570	51 663		1 141 233
	37 987	37 987			37 987
279	60 588	59 897	691		60 588
2 639 593	3 298 228	3 094 361	203 867		3 298 228
	25 433	25 433			25 433
1 110 487	1 702 797	1 680 985	21 812		1 702 797
	44 101	44 101			44 101
2 909 596	7 529 295	7 165 684	363 611		7 529 295
1 293 003	1 737 019	1 663 480	73 539		1 737 019
347 646	667 070	640 570	26 500		667 070
464 952	587 725	587 725			587 725
712 978	1 442 897	1 344 119	98 778		1 442 897
445 039	1 978 566	1 815 502	163 064		1 978 566
	52 062	52 062			52 062
	97 446	97 446			97 446
80 696	138 074	112 252	25 822		138 074
87 549	97 995	12 373	85 622		97 995
122 405	171 583	168 071	3 512		171 583
560 684	1 347 911	1 278 572	69 339		1 347 911
1 215 855	1 369 719	1 290 736	78 983		1 369 719
369 512	384 373	376 621	7 752		384 373
77 741	172 875	150 388	22 487		172 875
4 552 054	7 674 571	6 996 546	678 025		7 674 571
931 807	1 215 818	1 190 163	25 655		1 215 818
421 326	433 006	431 947	1 059		433 006
272 412	1 328 506	1 133 536	194 970		1 328 506
398 220	411 619	394 929	16 690		411 619
479 606	501 125	481 862	19 263		501 125
	45 600	45 600			45 600
354 360	1 596 995	845 306	751 689		1 596 995
	135 013	135 013			135 013
204 112	252 200	188 993	63 207		252 200
	8 622	8 622			8 622
	39 720	39 720			39 720
	221 949	221 949			221 949
	21 377	21 377			21 377
50 219	106 153	104 511	1 642		106 153
112 242	540 817	388 178	152 639		540 817
	9 754	9 754			9 754
37 980	51 371	46 664	4 707		51 371
422 244	2 667 818	2 450 620	217 198		2 667 818
	43 551	43 551			43 551
	57 904	57 904			57 904
	172 913	143 152	29 761		172 913
907 903	1 667 243	1 589 289	77 954		1 667 243
	24 637	24 637			24 637
	1 251 152	1 144 733	106 419		1 251 152
93 386	350 083	315 253	34 830		350 083
	41 581	41 581			41 581
689	516 963	490 471	26 492		516 963
	72 089	59 157	12 932		72 089

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS FOR WATER TREATMENT			
		ASSIGNMENT OF FUNDS			
Project No.	Project name	Draft Project	EPIC Studies	Purification	Waste Handling
157	L'Épiphanie				$1 634 322
158	Sainte-Foy		$309 085	$2 693 623	2 226 394
159	Desbiens		37 073		216 634
160/161	Drummondville/Grantham-Ouest	$141 346	223 909	14 118	430 274
163	Coaticook		55 356		
164/165	Linière/Saint-Côme-de-Kennebec				71 913
166	Saint-Antoine				1 235 940
167/286	Notre-Dame-du-Nord/ Réserve Indienne de Timiskaming		41 361		30 222
168	Papineauville		59 678	196 094	
169	Luceville		19 009	18 861	
170/175/176	Saint-Joseph-de-Beauce/ L'Enfant-Jésus/Vallée-Jonction			284	35 845
171	Beauceville		41 902	284	125 995
172	Sainte-Catherine		58 572	290 941	174 819
173	Mont-Tremblant		22 402	489	106 430
174	Alma		172 283	3 691 514	7 640 406
178	Aylmer		287 922	337 507	
179	Notre-Dame-des-Prairies		53 870	34	64 075
180	Saint-Charles-Borromée		46 266		12 224
182	Gatineau		515 698	311 051	
183/	Ste-Anne-de-la-Pointe				
184/199	Rimouski-Est/Rimouski		264 842	169 397	417 964
185	Pont-Rouge		53 011	13 841	475 982
186	Saint-Esprit		23 483		
187/188/	Thetford-Mines/Canton Thetford/				
189/190/191	Rivière Blanche/Black-Lake/Robertsonville		276 656	35 359	794 261
192	Cap-Rouge		91 147	611 928	16 200
193/284	Chicoutimi/Canton Tremblay		453 741	256 404	4 868 863
194	Mistassini			3 541	1 280 431
195	Sainte-Eulalie				4 963
196/214	Saint-Paul/Joliette	23 007	5 721		22 201
198	Notre-Dame-du-Lac		36 680	86 635	
200/201	Saint-Charles/Saint-Charles-Boromée		35 489		8 668
202	Waterville		6 202		
203/204/	Saint-Ludger/Gayhurst (county)/				
205	Risborough et Partie de Marlow		11 638		29 076
206	Saint-Luc (de Matane)		18 308	120	
207	Saint-Anaclet-de-Lessard		29 983		1 420
208	Ayer's-Cliff		46 550	56	1 223
209	Sainte-Marie		21 337	29 308	272 840
210	La Plaine		11 477		384 734
211	North-Hatley		26 585	44	10 393
212	Baie-Comeau	93 993	20 320		
213	Percé		32 159	14 063	4 401
215	Donnacona		12 229	118	252 803
216	Cabano	83 614			1 891
217	Dégelis		108	57 338	85 666
218	Saint-Pascal	32 164	3 496		38 856
220	Chambly	76 688			
222	Causapscal	66 976			
225	Contrecoeur	74 665		40	9
226	Verchères	204			
227	Grandes-Piles	78 564			
232	La Tuque	78 304			
234	Mascouche	169 302			
237	Lacolle	33 586		34	
241	Richmond	60 230	57	29	109 984
242	Rigaud	36 293		18	18
246	Sorel	278 899			

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
$99 316	$1 733 638	$1 570 305	$163 333		$1 733 638
	5 229 102	5 100 147	128 955		5 229 102
169 488	423 195	381 460	41 735		423 195
	809 647	616 982	192 665		809 647
	55 356	55 356			55 356
61 719	133 632	105 597	28 035		133 632
	1 235 940	1 140 497	95 443		1 235 940
191 040	262 623	160 840	101 783		262 623
321 395	577 167	359 739	217 428		577 167
263 575	301 445	287 988	13 457		301 445
35 987	72 116	63 766	8 350		72 116
133 249	301 430	239 768	61 662		301 430
66 359	590 691	449 973	140 718		590 691
515 001	644 322	605 143	39 179		644 322
970 149	12 474 352	10 943 263	1 531 089		12 474 352
	625 429	374 493	250 936		625 429
107 144	225 123	169 873	55 250		225 123
106 418	164 908	132 932	31 976		164 908
	826 749	782 766	43 983		826 749
330 678	1 182 881	1 083 557	99 324		1 182 881
180 916	723 750	544 992	178 758		723 750
	23 483	23 483			23 483
696 744	1 803 020	1 063 784	739 236		1 803 020
	719 275	718 340	935		719 275
326 543	5 905 551	5 373 369	532 182		5 905 551
265 973	1 549 945	1 323 911	226 034		1 549 945
29 298	34 261	31 059	3 202		34 261
79 617	130 546	98 949	31 597		130 546
	123 315	119 225	4 090		123 315
32 599	76 756	68 400	8 356		76 756
	6 202	6 202			6 202
15 389	56 103	42 044	14 059		56 103
18 588	37 016	24 045	12 971		37 016
46 316	77 719	70 052	7 667		77 719
60 041	107 870	102 293	5 577		107 870
558 937	882 422	825 348	57 074		882 422
20 956	417 167	398 913	18 254		417 167
34 127	71 149	62 636	8 513		71 149
	114 313	114 313			114 313
112	50 735	32 159	18 576		50 735
230 237	495 387	403 887	91 500		495 387
15 219	100 724	100 414	310		100 724
102 532	245 644	148 398	97 246		245 644
62 085	136 601	44 940	91 661		136 601
	76 688	53 203	23 485		76 688
	66 976	66 976			66 976
23 147	97 861	75 451	22 410		97 861
127	331		331		331
	78 564	74 854	3 710		78 564
	78 304	78 304			78 304
	169 302	169 302			169 302
578	34 198	34 110	88		34 198
44 313	214 613	180 762	33 851		214 613
1 147	37 476	36 375	1 101		37 476
	278 899	267 660	11 239		278 899

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS FOR WATER TREATMENT			
		ASSIGNMENT OF FUNDS			
Project No.	Project name	Draft Project	EPIC Studies	Purification	Waste Handling
248	Saint-Bruno	$107 078			
252	Saint-Honoré	43 938	$1 717	$5 862	$23 922
253	Saint-Prosper	76 535		41	185
254	Shenley			205	189
255	Tring-Jonction			110	42 631
256	Varennes	51 235			301
259	Chapeau	33 068			30
260	Dolbeau		21 125	2 109	20 073
261	Windsor			11 278	325 597
262	Bromptonville				200 192
263	Saint-Bernard		12 737		
264/265/ 266	Victoriaville/Arthabaska/ Sainte-Victoire-d'Arthabaska	228 256	5 151	919	306 315
268	La Guadeloupe	31 032		16 075	2 359
271	Bedford	78 135			
276	Piedmont	72 091			
277	Lac-Carré				1 692
282	Saint-Méthode-de-Frontenac				273 441
283	Notre-Dame-des-Pins		11 580		7 439
285	Hull		262 588		
287	Ancienne-Lorette		95 935		
290/317	Danville/Shipton		25 091		91 460
291	Delisle		16 858	13 331	81 831
292	Saint-Hugues		3 850	165	36 570
293	Saint-Jean-sur-Richelieu	64 949			
294	Shawinigan	135 601			
298	Chandler	94 455			
303/ 316	Rivière-du-Loup/ Saint-Patrice-de-la-Rivière-du-Loup	18 332	677		638 545
304	Bonsecours				4 606
305	Compton				2 587
306	Lac-Brome		33 506	39	42 820
308	East-Angus				53 504
309/310/ 311/312	Pincourt/Terrasse-Vaudreuil/ Notre-Dame-de-l'Île-Perrot/Île-Perrot		24 513	62 510	221 920
313	Roxton-Pond			143	38 105
314/315	Saint-Victor/Saint-Victor-de-Tring		3 372		156
318	Amos	12 306			
324	Beloeil	134 598			
331	Courcelles	16 853			
336	Mont-Saint-Grégoire	45 706			
342	Saint-Félix-d'Otis	53 275			
346	L'Islet	64 674			
351	Coteau-du-Lac	16 585			
356	Montmagny	86 505			
362	Maniwaki	24 875			
370	Scotstown	23 681			
371	Albanel	49 178			
380	Saint-Jean-Baptiste-Vianney	8 419			
381	Val-Brillant	76 739			
388	Murdochville	27 270			
395	Sainte-Anne-de-la-Pérade	70 577			
396	Barnston	13 729			
408	Saint-Zénon	35 944			
416	Thurso	7 355			
421	Saint-Séverin-de-Beauce	58 672			
424	La Malbaie	47 855			
430	Saint-Antoine-de-Pontbriand	28 839			
443	Saint-Urbain	36 495			
445	Bécancour	81 964			

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	$107 078	$107 078			$107 078
$64 024	139 463	65 388	$74 075		139 463
401	77 162	76 042	1 120		77 162
452	846	4	842		846
410	43 151	328	42 823		43 151
762	52 298	51 679	619		52 298
30	33 128	33 128			33 128
53 604	96 911	72 682	24 229		96 911
145 475	482 350	315 109	167 241		482 350
88 852	289 044	257 057	31 987		289 044
138 045	150 782	145 440	5 342		150 782
662 133	1 202 774	977 284	225 490		1 202 774
6 558	56 024	28 301	27 723		56 024
	78 135	78 135			78 135
	72 091	61 879	10 212		72 091
5 654	7 346		7 346		7 346
466 562	740 003	677 769	62 234		740 003
49 745	68 764	46 103	22 661		68 764
	262 588	218 911	43 677		262 588
	95 935	95 935			95 935
60 028	176 579	157 396	19 183		176 579
69 854	181 874	130 241	51 633		181 874
28 242	68 827	60 132	8 695		68 827
	64 949		64 949		64 949
	135 601	135 601			135 601
	94 455	81 595	12 860		94 455
89 178	746 732	504 009	242 723		746 732
13 245	17 851	17 129	722		17 851
48 843	51 430	38 520	12 910		51 430
38 349	114 714	42 249	72 465		114 714
	53 504	45 572	7 932		53 504
261 448	570 391	247 165	323 226		570 391
43 616	81 864	74 427	7 437		81 864
6 644	10 172	9 503	669		10 172
	12 306	12 306			12 306
	134 598	123 107	11 491		134 598
	16 853		16 853		16 853
	45 706	21 251	24 455		45 706
	53 275	42 649	10 626		53 275
	64 674	59 383	5 291		64 674
	16 585	6 790	9 795		16 585
	86 505	66 434	20 071		86 505
	24 875	24 875			24 875
	23 681	10 543	13 138		23 681
	49 178	33 521	15 657		49 178
	8 419		8 419		8 419
	76 739	72 349	4 390		76 739
	27 270	18 203	9 067		27 270
	70 577	52 770	17 807		70 577
	13 729	4 825	8 904		13 729
	35 944	25 345	10 599		35 944
	7 355	7 355			7 355
	58 672	28 898	29 774		58 672
	47 855	33 879	13 976		47 855
	28 839	27 591	1 248		28 839
	36 495	26 393	10 102		36 495
	81 964	72 318	9 646		81 964

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)

for the fiscal year ended March 31, 1985

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS FOR WATER TREATMENT			
		ASSIGNMENT OF FUNDS			
Project No.	Project	Draft Studies	EPIC Studies	Purification	Waste Handling
452	L'Ascension	$2 560			
455	Portneuf	70 391			
463	Trois-Pistoles	53 685			
466	Saint-Lazare	41 779			
471	Kuujjuaq	30 575			
473	Princeville			$9	$12 324
476	Warden			67	2 082
477	Beauport		$88 833		
478	Saint-Simon			24 933	33 040
479	Gaspé	29 310			
480/481/941	Deauville/Magog (county)/Rock-Forest				5 631
482	Saint-Guillaume				33 539
483	Melocheville			27	43 385
484	Bic		869		36 025
486	Repentigny	24 476			88 023
487/488	Plessisville/Plessisville (parish)		176		
489	Lawrenceville			136	7
490	Warwick				25 775
491	Sainte-Hélène				57
492	Mont-Carmel				
493	Saint-Alphonse (de-Granby)			46	9
495	Saint-Timothée (town)			10 691	2 125
496	Rouyn	49 592			
498	La Baie		5 141	327	107 900
500	Ham-Nord				12 822
509	Chertsey (county)		7 632		
512	Saint-Félix-de-Valois				
527	Beaconsfield		36		
538	Saint-Jérôme	64 787			
	Contractuels du Ministère		361 872		
		$4 013 928	$28 116 735	$28 514 813	$112 228 175

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1985

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	$2 560	$2 560			$2 560
	70 391	58 102	$12 289		70 391
	53 685	51 055	2 630		53 685
	41 779	41 779			41 779
	30 575	23 648	6 927		30 575
$35 932	48 265	42 375	5 890		48 265
3 927	6 076	1 399	4 677		6 076
	88 833	45 317	43 516		88 833
28 628	86 601	61 083	25 518		86 601
	29 310	21 826	7 484		29 310
180	5 811	375	5 436		5 811
6 762	40 301	173	40 128		40 301
11 738	55 150	25 643	29 507		55 150
17 667	54 561	9 869	44 692		54 561
7 971	120 470	551	119 919		120 470
17 680	17 856	244	17 612		17 856
395	538	538			538
12 858	38 633	1 455	37 178		38 633
57	114	114			114
145 400	145 400		145 400		145 400
18	73	73			73
27 698	40 514		40 514		40 514
	49 592		49 592		49 592
64 229	177 597	170 333	7 264		177 597
12 456	25 278	68	25 210		25 278
	7 632		7 632		7 632
9 908	9 908		9 908		9 908
	36	36			36
	64 787		64 787		64 787
	361 872	361 872			361 872
$141 127 835	$314 001 486	$286 195 169	$24 884 100	$2 922 217	$314 001 486

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21 and amendments

AUDITOR'S REPORT

I have examined the balance sheets of the operating fund and the fund for work in progress of the Société québécoise d'assainissement des eaux at March 31, 1985, as well as the statement of revenue, expenditure and deficit of the operating fund for the fiscal year then ended. My examination was carried out in accordance with generally accepted auditing principles, and accordingly included such tests and other procedures as I considered necessary under the circumstances.

In my opinion, these statements accurately present the financial position of these fund of the Société at March 31, 1985 as well as the results of the operating fund for fiscal year then ended, in accordance with the accounting policies stated in Note 2, applied in a manner consistent with the preceding year.

The figures for fiscal 1984 presented for comparison purposes were taken from financial statements examined by other auditors.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 5, 1985

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

R.S.Q., c. S-22.1

CONSOLIDATED BALANCE SHEET

as at December 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash	$289 434	$599 026
Term deposits and accrued interest	10 958 529	18 020 510
Guarantee deposits	1 509 931	
Accounts reveivable (Note 4)	13 840 346	8 433 920
Maintenance and operating supplies	5 238 899	4 059 977
Prepaid expenses and deposits	614 154	244 350
Investments (Note 5)	309 000	
Subsidy receivable within a year (Note 6)	5 913 629	4 500 000
	38 673 922	35 857 783
INVESTMENTS (Note 5)	6 198 949	946 813
SUBSIDIES RECEIVABLE (Note 6)	13 500 000	18 000 000
FIXED ASSETS (Note 7)	81 286 184	56 901 743
	100 985 133	75 848 556
OTHER		
Deferred charges — at amortized cost (Note 8)	931 575	806 245
Unrealized loss on foreign exchange (Note 3)	2 988 432	
Guarantee deposits		523 729
	3 920 007	1 329 974
	$143 579 062	$113 036 313

On behalf of the Board of Directors,

Jean Guy
Maurice Gareau

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

R.S.Q., c. S-22.1

CONSOLIDATED BALANCE SHEET

as at December 31, 1984

	1984	1983
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	$1 436 155	
Accounts payable and accrued charges (Note 9)	22 838 002	$17 790 417
Revenue collected in advance and charter deposits	5 969 849	3 528 619
Payments on long-term debt due within a year (Note 10)	12 116 371	9 628 497
Payments on commitments due within a year under capital lease contracts (Note 11)	972 758	1 074 781
	43 333 135	32 022 314
PROVISION FOR ENGINE AND PROPELLER CHECKS	1 177 874	1 291 617
LONG-TERM INTEREST PAYABLE	690 105	684 070
LONG-TERM DEBT (Note 10)	58 370 062	57 337 834
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 11)	15 423 797	7 051 368
REVENUE COLLECTED IN ADVANCE		496 997
MINORITY SHAREHOLDER INTEREST		229 871
	118 994 973	99 114 071
SHAREHOLDER EQUITY		
Capital stock (Note 12)	27 108 400	20 000 000
Preferred shares of 1848-7199 Québec Inc. (Note 13)	15 000 000	15 000 000
Deficit	(17 524 311)	(55 077 758)
Contributed surplus		34 000 000
	24 584 089	13 922 242
	$143 579 062	$113 036 313

SUBSEQUENT EVENTS (Note 23)

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

CONSOLIDATED STATEMENT OF OPERATING RESULTS
for the fiscal year ended December 31, 1984

	1984	1983
	(12 months)	(6 months)
REVENUE (Note 14)	$100 713 789	$21 898 275
OPERATING EXPENSES	95 719 447	20 736 487
OPERATING PROFIT BEFORE AMORTIZATION	4 994 342	1 161 788
Amortization of fixed assets and deferred charges	6 775 836	2 001 078
OPERATING LOSSES	1 781 494	839 290
Net financial charges (Note 15)	8 055 770	1 691 726
Other (revenue) expenditures (Note 16)	(1 199 936)	1 307 644
	6 855 834	2 999 370
LOSS BEFORE THE FOLLOWING ITEMS:	8 637 328	3 838 660
(Profit) loss on sale of fixed assets and investments	(4 053 644)	108 789
Goodwill written off (Note 17)	1 777 315	51 016 021
Share in the results of companies subject to significant influence — net loss	99 183	114 288
	(2 177 146)	51 239 098
NET LOSS FOR THE FISCAL YEAR	$6 460 182	$55 077 758

CONSOLIDATED STATEMENT OF DEFICIT
for the fiscal year ended December 31, 1984

	1984	1983
	(12 months)	(6 months)
BALANCE AT THE BEGINNING	$55 077 758	
Net loss for the fiscal year	6 460 182	$55 077 758
	61 537 940	55 077 758
Transfer of consolidated contributed surplus	44 013 629	
BALANCE AT YEAR-END	$17 524 311	$55 077 758

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

for the fiscal year ended December 31, 1984

	1984	1985
	(12 months)	(6 months)
BALANCE AT THE BEGINNING	$34 000 000	
Shareholder's subsidy,		
Government of Québec:		
To bolster Québécair's shareholder equity		$27 500 000
To meet Québécair's liquidity requirements	10 013 629	6 500 000
	44 013 629	34 000 000
Transfer to the consolidated deficit following a decision of the Directors, ratified by the shareholder	44 013 629	
BALANCE AT YEAR-END	$—	$34 000 000

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31, 1984

	1984	1983
	(12 months)	(6 months)
SOURCE OF FUNDS		
Capital stock	$7 108 400	$20 000 000
Contributions to surplus	10 013 629	11 500 000
Subsidies receivable	4 500 000	
Proceeds of long-term debt	10 526 794	22 500 000
Obligations arising from sale-leaseback contracts	16 303 438	
Proceeds of disposal of fixed assets	7 581 892	181 035
Guarantee deposits	523 729	
Decrease in investments	309 000	
	56 866 882	54 181 035
APPLICATION OF FUNDS		
Funds for operations (Note 18)	1 520 504	1 439 338
Acquisition of fixed assets	34 200 049	117 929
Acquisition of investments	7 205 400	281 004
Acquisition of minority interests in Québécair common shares	232 234	
Long-term debt	13 428 691	627 692
Obligations arising from sale-leaseback contracts	7 931 009	309 797
Deferred expenses	613 806	113 915
Minority interests in Québécair — preferred shares	229 871	
Guarantee deposits		10 739
Acquisition of a subsidiary:		
Consideration paid		3 142 766
Working capital deficit assumed		44 302 386
	65 361 564	50 345 566
INCREASE (DECREASE) IN WORKING CAPITAL	(8 494 682)	3 835 469
WORKING CAPITAL AT THE BEGINNING	3 835 469	
WORKING CAPITAL (DEFICIT) AT YEAR-END	$(4 659 213)	$3 835 469

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS
at December 31, 1984

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1. Constitution and purpose

The Société québécoise des transports is a joint-stock company founded under a special Act.

The purpose of the Société is to:

- promote the establishment, modernization, expansion, development, consolidation and grouping of transportation firms so as to meet the commercial and industrial needs of Québec and to favour the export of goods produced in the province;
- maximize the socioeconomic benefits to Quebecers from transportation and related activities;
- act as a management and holding company in the transportation sector.

2. Accounting policies

Société financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Consolidation

The consolidation financial statements are comprised of the accounts of the Société and its wholly-owned subsidiary 1848-7199 Québec Inc. and its subsidiary Québécair.

Investments

The Société records its investments at equity value when its holding of securities with voting rights of an issuing company is at least 20 % and no more than 50 %, to the extent that the Société exercises a significant influence over the company's financial and administrative decisions.

The excess of the acquisition price of an investment over its book value is allocated to goodwill and charged to operations of the fiscal year.

Maintenance and operating supplies

Supplies are valued at the lesser of cost or replacement cost, being determined using the FIFO method.

Fixed assets

Fixed assets are shown at original cost, with depreciation charged over their projected service life on a straight-line basis, to 15 % of their estimated residual worth in the case of aircraft and flight equipment, at the following annual rates:

Buildings	5% and 10%
Aircraft and flight equipment	$6^2/_3$% to $16^2/_3$%
Ground equipment	10%
Leasehold improvements	20%
Aircraft and flight equipment held under capital lease contracts	$6^2/_3$% to $16^2/_3$%
Ground equipment held under capital lease contracts	20%

Capitalized interest

Interest paid on debt resulting from the purchase of aircraft during the preoperational period is capitalized until brought into service.

Deferred charges

The cost of main airframe checks is deferred and amortized on the basis of flight time.

Engine and propeller checks

The cost of main checks on aircraft engines of the Boeing 737 and BAC 1-11 type is charged to operations when incurred while checks on engines and propellers of the HS-748 type aircraft are posted to the provision according to flight time at hourly rates on the basis of the estimated cost of such checks.

Translation of foreign currencies

Accounts in foreign currencies are translated into Canadian dollars using the temporal method, as follows:

- Monetary assets and liabilities are translated at the rates of exchange in effect on the date of the balance sheet;
- Non-monetary assets and liabilities are translated at the rates in effect on the date of the transaction (original rate);
- Revenue and expenditure are translated at the rates in effect on the transaction dates, except for those relating to non-monetary assets and liabilities which are translated at the original rates used to translate these same assets and liabilities;
- Gains and losses resulting from fluctuations in exchange rates are reflected in the statement of results at the time they are realized, with the exception of unrealized gains and losses relating to the long-term debt which are deferred and amortized over the remaining term of the debt.

Recording of revenue

Revenue derived from operating regular lines and charters is recorded when service is rendered. Payments received for services not rendered are shown on the balance sheet as deferred revenue under the item "Revenue collected in advance and charter deposits".

3. Change to accounting policies

During the fiscal year, the Société adopted, prospectively, the temporal method of foreign currency translation in accordance with the recommendations of the Canadian Institute of Chartered Accountants. Previously, assets and liabilities resulting from transactions carried out in foreign currencies had been translated using the short-term — long-term method.

The results of this change has been to increase certain items in these financial statements, as follows:

Balance sheet	
Unrealized loss of foreign exchange	$2 988 432
Long-term debt	3 934 125
Deficit	$945 693
Results	
Amortization of the unrealized loss on foreign exchange and net loss for the fiscal year	$945 693

4. Accounts receivable

	1984	1983
Québécair customer accounts	$6 989 453	$6 762 526
Government operating subsidies	1 517 361	738 931
Aircraft sales price balance	4 835 373	—
Other	498 159	932 463
	$13 840 346	$8 433 920

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

5. Investments

	1984	1983
At equity value		
Propair Inc. —		
50 % owned		
100 common shares	$186 769	$184 813
30 000 preferred shares Category "A"	3 000 000	
3 500 preferred shares Category "B"	350 000	350 000
Advances	509 000	412 000
	4 045 769	946 813
Payments due within one year	309 000	
	3 736 769	946 813
Les Entreprises Bussières Ltée —		
50 %* owned		
1 438 952 common shares	2 081 559	
Navigation Sonamar Inc. —		
25 % owned		
190 000 common shares Class "B"	199 621	
181 000 preferred shares Class "B"	181 000	
	380 621	
	$6 198 949	$946 813

* On the date of preparation of the financial statements, the transportation commissions and boards with jurisdiction over the matter had not yet ratified the acquisition of this asset. See Note 23 for events subsequent to the date of the balance sheet.

6. Subsidies receivable

	1984	1983
To bolster the equity of Québécair's shareholder. This subsidiary was assigned as security for the long-term debt of the Société (Note 10) and is receivable at the rate of $4 500 000 per year until 1988.	$18 000 000	$22 500 000
To provide for the liquidity needs of Québécair	1 413 629	
	19 413 629	22 500 000
Portion receivable within one year	5 913 629	4 500 000
	$13 500 000	$18 000 000

By Order-in-Council 2413-83, the Minister of Transport is authorized to pay the Société for later payment to Québécair, through 1848-7199 Québec Inc., a subsidy equal to Québécair's liquidity needs for the three-year period following January 1, 1984. This subsidy is not to exceed $12 000 000 per year. At December 31, 1984, a balance of $1 413 629 remains to be received on the amount of $10 013 629 granted for fiscal 1984.

7. Fixed assets

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Land and buildings	$5 794 441	$2 146 863	$3 647 578	$3 203 825
Aircraft and flight equipment	73 828 886	18 575 069	55 253 817	44 760 476
Ground equipment	4 561 400	2 756 456	1 804 944	1 258 782
Leasehold improvements	129 903	25 981	103 922	
	84 314 630	23 504 369	60 810 261	49 223 083
Goods held under capital lease contracts				
Aircraft and flight equipment	21 068 402	772 145	20 296 257	7 678 660
Ground equipment	206 676	27 010	179 666	
	21 275 078	799 155	20 475 923	7 678 660
	$105 589 708	$24 303 524	$81 286 184	$56 901 743

8. Deferred expenses — at amortized cost

	1984	1983
Adjustments to cells	$466 997	$627 853
Start-up costs for DC-8s	334 628	
Development of computer systems	85 351	
Professional fees	44 599	178 392
	$931 575	$806 245

9. Accounts payable and accrued charges

	1984	1983
Supplies accounts and accrued charges	$20 383 464	$15 393 596
Provision for sick leave	2 350 000	1 850 000
Provision for engine and propeller checks	104 538	546 821
	$22 838 002	$17 790 417

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

10. Long-term debt

	Installments due within a year	1984	1983
Société québécoise des transports			
Debentures, series "A", 0.625 % below the average prime rate of three Canadian chartered banks, payable by annual installments of $4 500 000, maturing December 22, 1988 (a)	$4 500 000	$18 000 000	$22 500 000
Québecair			
Guaranteed loans (b):			
1 % above prime, payable by quarterly installments of $285 621, including capital and interest, due May 1990	593 444	4 439 999	4 962 176
1 % above prime, payable June 1990		2 238 778	2 238 778
1 % above LIBOR, US $4 142 865, payable by semi-annual installments as a percentage of the original loan amount, one of 27½ % and ten of 5 %, due June 1990	2 295 708	5 474 382	5 130 663
1 % above LIBOR, US $1 387 617, payable by semi-annual installments as a percentage of the original loan amount, one of 27½ % and ten of 5 %, due June 1990	768 928	1 833 598	1 718 471
1¼ %, above LIBOR, US $3 459 336, payable by quarterly installments of US $133 051, due May 1991	703 257	4 571 167	4 801 372
1¼ %, above LIBOR US $1 878 373, payable by quarterly installments of US $234 797 as of August 1991, due May 1993		2 482 081	2 247 473
Bank loans: (c)			
Prime rate plus 1 %, paid in advance in January 1985	999 994	999 994	1 285 710
1 % above prime, payable by monthly installments of $17 860, due June 1989	214 320	946 340	1 160 660
Other loans:			
8½ %, US $5 399 618, payable by semi-annual installments of US $539 962, as of December 1985, due June 1990	713 506	7 135 055	6 237 639
8½ %, US $4 800 382 payable semi-annual installments of US $480 038, as of December 1985, due June 1990	634 322	6 343 225	5 519 509
8½ %, US $5 151 592, payable by semi-annual installments of US $515 159, as of November 1986, due May 1991		6 807 314	6 163 880
Balances on purchase price of aircraft: (d)			
13.8 %, $4 000 000 U.S., payable by eleven monthly installments of $84 320 U.S., principal and interest, beginning in February 1985, and on payment of $3 630 710 U.S., due in December 1985	491 340	5 322 000	
3.9 %, $3 000 000 U.S., payable by five monthly installments of $67 500 U.S., principal and interest, beginning in August 1985 and one payment of $2 844 661 U.S. due in December 1985	201 552	3 892 500	
Debentures, 9 %			3 000 000
	$12 116 371	70 486 433	66 966 331
Payments due within a year		12 116 371	9 628 497
		$58 370 062	$57 337 834

(a) These debentures are secured by the assignment to the trustee for the sole benefit of debenture holders of the subsidy authorized by Order-in-Council 2665-83. The Order-in-Council authorizes the Minister of Transport, on behalf of the Government, to award a subsidy to the Société from annual appropriations voted by the National Assembly for the full payment of debenture capital and interest including any partial or full redemption in advance. The subsidy was recorded as contributed surplus to the Société in connection with the bailing out of Québécair stockholders.

(b) These loans are secured by three first-mortgage bonds with a par value of $20 000 000 each, bearing interest at 24 %, issued under trust agreements and guaranteed by a specific encumbrance of first rank on spare parts and three aircraft of the Boeing 737 type.

(c) These loans and bank guarantes in the amount of $2 361 917 are secured by a first-mortgage bond with a par value of $12 million, bearing interest at 12 % guaranteed by a specific encumbrance of first rank on an aircraft of the BAC 1-11 type with a net book value of $814 016 in 1984 and a floating charge of first rank on all other assets not already used as collateral for debt. Accounts receivable are assigned as security for bank loans. However, following the sale of two aircraft during the fiscal year, the provisions of the trust agreement are in the process of being revised with the creditor.

d) Payments due on December 31, 1985 on these borrowings are shown as long-term since the directors intend to obtain long-term refinancing for them.

Payments on the long-term debt over the next five years detail as follows:

1985	$12 116 371
1986	10 411 358
1987	11 184 134
1988	11 288 739
1989	6 782 362

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

11. Commitments under capital lease contracts

	Installments due within a year	1984	1983
Québecair			
Prime rate, payable by monthly installments of $113 232, principal and interest, maturing in December 1989	$396 800	$7 873 682	
Prime rate, payable by monthly installments of $4 597 and $1 616, principal and interest, maturing in December 1989	404 778	7 938 696	
9.75 %, payable by monthly installments of $12 543, including capital and interest, due February 1988	116 173	404 511	$509 935
12.4 % and 12.86 %, payable by monthly installments of $4 597 and $1 616, principal and interest, and installments of $22 974 and $8 027 at their respective maturities in June 1987 and August 1987	55 007	179 666	
17 % maturing in December 1988			4 274 121
11.55 % maturing in February 1990			3 342 093
	$972 758	16 396 555	8 126 149
Payments due within a year		972 758	1 074 781
		$15 423 797	$7 051 368

Payments on obligations arising from capital lease contracts are as follows

1985	$2 899 969
1986	2 899 969
1987	2 890 783
1988	2 700 107
1989	14 499 422
Total minimum payments	25 890 250
Interest charge included in total payable	9 493 695
	$16 396 555

12. Capital stock

	1984	1983
Authorized		
750 000 shares at $100 par value		
Issued and paid-up:		
200 000 shares	$20 000 000	$20 000 000
Subscribed and paid for:		
71 084 shares	7 108 400	
	$27 108 400	$20 000 000

The shares of the Société are held by the Government of Québec. During the fiscal year, 71 084 shares were subscribed and paid for by assignment of shares which the Government of Québec held in les Entreprises Buissières Inc., Propair Inc. and Navigation Sonamar Inc.

13. 1848-7199 Québec Inc. preferred shares

As Société shareholder, the Government holds 6 666 666 class "B" preferred no-par value, participating and convertible shares in 1848-7199 Québec Inc.

14. Revenue

	1984	1983
	(12 months)	(6 months)
Operating revenue	$94 569 942	$20 738 608
Subsidies from the Government of Québec		
Operating*	2 861 883	735 481
Debt service	2 572 996	175 315
Subsidy from the Government of Canada		
Operating*	708 968	248 871
	$100 713 789	$21 898 275

* Including $2 366 419 (684 352 in 1983) related to Québécair's operations in remote regions

15. Net financial charges

	1984	1983
	(12 months)	(6 months)
Interest on long-term debt, debentures and commitments under capital lease contracts	$9 590 501	$1 147 855
Capitalized interest	(965 008)	
	8 625 493	1 147 855
Foreign exchange loss	82 050	
Amortization of the unrealized loss of foreign exchange	945 693	
Interest on short-term borrowings	298 537	543 871
Interest revenue on term deposits	(1 896 003)	
	$8 055 770	$1 691 726

16. Other (revenue) expenses

	1984	1983
	(12 months)	(6 months)
Write-off of part of an allowance for renewal of engines and propellors following sale of aircraft	$(968 236)	
Collection of allowance for taxes payable	(231 700)	$(355 738)
Provision for anticipated loss on future disposal of aircraft		1 663 382
	$(1 199 936)	$1 307 644

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1984

17. Goodwill written off

	1984	1983
	(12 months)	(6 months)
Les Entreprises Bussières Ltée		
Book value of common shares acquired	$2 192 319	
Consideration paid	3 737 400	
	1 545 081	
Québécair — acquisition of minority interest		
Book value of common share acquired		
Consideration paid	232 234	
	232 234	
1848-7199 Québec Inc.		
Negative book value of common shares acquired		$47 873 255
Consideration paid		3 142 766
		51 016 021
	$1 777 315	$51 016 021

18. Funds for operations

	1984	1983
	(12 months)	(6 months)
Net loss for fiscal year	$6 460 182	$55 077 758
Items not affecting working capital		
Depreciation on fixed assets	(6 287 360)	(1 708 191)
Amortization of unrealized loss of foreign exchange	(945 693)	
Amortization of deferred charges	(488 476)	(292 887)
Provision for engine and propeller checks, long-term	(854 493)	1 335 269
Goodwill written off	(1 777 315)	(51 016 021)
Share of results of companies over which the Société exercises a significant influence — net loss	(99 183)	(114 288)
Change in long-term interest payable	(6 035)	12 576
Profit (loss) on the sale of fixed assets	4 053 644	(191 496)
Write-off of part of the allowance for renewal of engines and propellors	968 236	
Revenue received in advance	496 997	
Provision for anticipated loss on future disposal of aircraft		(1 663 382)
	$1 520 504	$1 439 338

19. Pension plans

The last actuarial valuation of the three Québecair pension plans, dated December 31, 1982, shows a surplus of $1 133 975. It is expected the next actuarial valuation will be dated December 31, 1985.

20. Income tax

As long as the subsidiary and the wholly-owned subsidiary Québécair remain indirectly the exclusive property of the Government of Québec, no income tax will be demanded on taxable income earned.

The tax benefit arising from accounting losses is not recorded in the financial statements. These losses, which may be used to reduce future income tax, are as follows:

	Canada	Québec	United States
1985	$9 728	$9 728	
1986	4 872 897		
1987	12 111 262	77 495	
1990	9 772 887		
1991	1 043 911	1 043 911	
1998			$706 611
1999			8 618 394
	27 810 685	1 131 134	9 325 005
Amount of temporary differences to be deferred an indefinite period	19 170 394		
Portion of tax losses arising from temporary differences and conferring no tax benefit		(1 879 741)	(4 262 334)
	$46 981 079	$(748 607)	$5 062 671

In addition, in accordance with the income tax laws. 1848-7199 Québec Inc. covers the adjusted basic price of a certain number of shares of Québécair and the event of their alienation, will be liable for income tax calculated based on the adjusted basic price.

21. Proxy agreement

Québecair (U.S.) shares were assigned to a trustee along with attendant voting rights under agreement for a two-year period ending in 1985.

22. Long-term leases

The Société is committed under leases expiring in 2005 to pay total rent of $1 906 113 for premises.

Rental expense for the period ended December 31, 1984 amounts to $586 681 ($476 953 in 1983). Rent for the next five years details as follows:

1985	$615 506
1986	462 248
1987	364 400
1988	342 312
1989	7 290

23. Events subsequent to the date of the balance sheet

Nordair Inc.

On April 26, 1985, the Société acquired 540 599.89 shares of Nordair Inc., for $5 151 600. This represented 22.08 % of the issued common shares of this company. This transaction was financed by a loan in the form of term notes for a period of five years.

Corporation de gestion La Vérendrye

The Société has signed an agreement in principle, subject to prior approval from the transportation commissions and boards having jurisdiction, with Corporation de gestion la Vérendrye. Under this agreement, the Société will assign its interest in Les Entreprises Bussières Ltée, which became its wholly-owned subsidiary in 1985, in return for a minority interest in the capital stock of Corporation de gestion La Vérendrye.

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

R.S.Q., c. S-22.1

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise des transports as at December 31, 1984 as well as the consolidated statements of income, deficit, contributed surplus and changes in financial position for the year then ended. My examinantion was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Société as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting policies and, with the exception of the change in method of translation assets and liabilities in foreign currencies, mentioned in Note 3, these accounting policies have been applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, July 2, 1985

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

R.S.Q., c. S-19

CONSOLIDATED BALANCE SHEET
as at March 31

	1985	1984
		(Note 4)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$2 105 792	$9 407 220
Settlements receivable	11 129 619	11 254 663
Accounts receivable	7 013 955	7 033 380
Inventories (Note 3)	5 204 307	5 925 281
Prepaid expenses	444 639	464 466
	25 898 312	34 085 010
CLAIM RECEIVABLE (Note 4)	16 300 770	14 768 578
INVESTMENTS (Note 5)	27 801 006	24 647 044
FIXED ASSETS (Note 6)	161 828 412	162 630 651
DEFERRED EXPENSES (Note 7)	40 031 272	30 366 166
	$271 859 772	$266 497 449
LIABILITIES		
CURRENT LIABILITIES		
Bank loans	$9 144 741	$12 332 374
Accounts payable and accrued charges	10 316 408	7 768 824
Mining rights	435 947	340 386
Payments on long-term debt (Note 8)	4 635 036	2 691 700
Deferred credit on gold options (Note 9)	621 058	
Deferred revenue (Note 10)	619 483	
	25 772 673	23 133 284
DEFERRED MINING RIGHTS	15 742 972	13 612 372
LONG-TERM DEBT (Note 8)	72 283 111	80 651 282
DEFERRED REVENUE (Note 10)	5 469 165	839 557
	119 267 921	118 236 495
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 11)		
Authorized:		
12 500 000 shares, $10 par value		
Subscribed: 11 060 000 shares	110 600 000	110 600 000
Less: subscription receivable		11 600 000
Issued and paid-up	110 600 000	99 000 000
CONTRIBUTED SURPLUS	17 000 000	17 000 000
RETAINED EARNINGS	24 991 851	32 260 954
	152 591 851	148 260 954
	$271 859 772	$266 497 449

COMMITMENTS AND CONTINGENT LIABILITIES (Notes 15 & 16)

On behalf of the Board of Directors,

Paul J. Bourassa, Director
Pierre K. Garceau, Director

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

CONSOLIDATED STATEMENT OF OPERATING RESULTS AND RETAINED EARNINGS
for the fiscal year ended March 31

	1985	1984
Mining operations		
Net revenue	$80 612 285	$79 883 700
Operating costs	71 186 894	70 729 324
Royalties	483 792	438 780
	71 670 686	71 168 104
Operating profit	8 941 599	8 715 596
Abandoned mining projects and other expenses		
Abandoned mining projects	1 096 829	1 875 822
Research work	490 207	421 017
Other expenses	1 598 987	2 902 223
	3 186 023	5 199 062
	5 755 576	3 516 534
Net financial charges (Note 12)	10 305 224	9 266 607
Share in (net losses) net profits of affiliates	(655 195)	765 300
Loss before mining rights and extraordinary items	5 204 843	4 984 773
Mining rights	2 285 000	3 918 000
Loss before extraordinary items	7 489 843	8 902 773
Extraordinary items (Note 13)	220 740	7 563 533
Net loss	7 269 103	1 339 240
Retained earnings at the beginning	32 260 954	33 600 194
Retained earnings at year-end	$24 991 851	$32 260 954

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31

	1985	1984
WORKING CAPITAL AT THE BEGINNING	$10 951 726	$8 968 374
SOURCE OF FUNDS		
Funds from operations (Note 14)	17 721 810	12 888 349
Share subscription	11 600 000	10 000 000
Increase in long-term debt	36 545 729	9 700 843
Proceeds on disposal of fixed assets	124 052	832 506
Proceeds on disposal of investments	70 905	6 698 892
Deferred revenue less current portion	3 097 416	
Proceeds on disposal of mining projects		6 937 000
Working capital deficit of a subsidiary formerly consolidated		91 596
	69 159 912	47 149 186
APPLICATION OF FUNDS		
Payments on long-term debt	44 913 900	2 976 340
Acquisition of fixed assets	20 352 333	31 436 935
Acquisition of investments	3 761 116	2 536 195
Deferred expenses	10 958 650	8 216 364
	79 985 999	45 165 834
INCREASE (DECREASE) IN WORKING CAPITAL	(10 826 087)	1 983 352
WORKING CAPITAL AT YEAR-END	$125 639	$10 951 726

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Société québécoise d'exploration minière — SOQUEM, founded under a special Act of the National Assembly, was created to carry out mining exploration, research and development as well as the processing of minerals. To this end, SOQUEM is authorized to enter into agreements with any and all persons or companies, keeping the goal of profitability in mind.

2. Accounting policies

Consolidation

The consolidated financial statements include the accounts of SOQUEM and its wholly-owned subsidiaries: Niobec Inc., Mines Seleine Inc. and Soquemines Inc.

Assets, liabilities, revenue and expenditures of the firms in which SOQUEM and the subsidiary of Soquemines Inc. have an interest are recorded according to the equity method.

Settlements receivable

These include gold ingots and niobium concentrate and are shown at their estimated net realization value.

Inventories

Inventories of salt are recorded at the lesser of average cost and net realization value.

Operating supplies are recorded at the lesser of average cost or replacement value.

Investments

Investments in affiliates over which SOQUEM and its subsidiaries have a significant influence on management decisions are recorded according to the equity method, that is at cost plus or minus the share of retained earnings since acquisition of an interest.

Other investments are recorded at cost.

Fixed assets

Fixed assets are recorded at cost.

In the case of mines under operation, depletion and depreciation of fixed assets as well as development and start-up costs are charged on the basis of production for the year and proven reserves of ore. Where a mine outlasts attendant fixed assets, depreciation on these is charged on the basis of their estimated service life.

Depreciation on fixed assets not directly related to mining operations is charged according to the straight-line method, based on their estimated service life.

No depreciation is charged on fixed assets related to mining projects that do not reach the production stage.

Capitalization of financial charges

Charges related to financing for construction work are added to the capital cost of the projects.

Deferred charges

The costs of acquiring mining rights and interests, exploring for minerals, developing discoveries and attendant administrative expenses are deferred until a decision is made to begin mining operations, whereupon these costs are transferred to fixed assets, otherwise they are charged to operations for the fiscal year when the mining project is abandoned.

Unrealized gains and losses on foreign exchange are deferred and amortized over the remaining term of the long-term debt.

Fees and commissions relating to gold sales contracts, at predetermined prices and dates, are deferred and amortized over the life of the contracts.

Deferred revenue

Revenue arising from gold sales contracts, at predetermined prices and dates, is deferred and allocated to revenue for the fiscal year in which delivery is made. However, the purchaser is reimbursed if he exercises his option to cancel a delivery.

Accrued interest on the claim receivable is recorded as deferred revenue and will be transferred to results when the claim is settled.

Deferred credit on gold options

Commitments with respect to transactions involving gold options, at predetermined prices and dates, are recorded as deferred credits. At the end of the fiscal year, if the market value of the gold options exceeds their cost, the loss is charged to operations. However, if the cost of these gold options exceeds the market value, the gain is recorded in the fiscal year in which they are redeemed.

Leases

These are of two types: capital lease contracts and operating leases. Depreciation is charged on assets held under capital lease as if they were fixed assets. Rental payments less interest are charged against commitments under such contracts.

Rent on operating leases is charged to the year's operations.

Foreign currency translation

Current asset and liability accounts as well as the long-term debt are translated at the exchange rate in effect on the date of the balance sheet; accounts in the results of operations are translated at the rate of exchange in effect on the date of the transaction. Gains or losses on foreign exchange are recorded in the results of the fiscal year, with the exception of unrealized gains or losses on foreign exchange on investments and the long-term debt, which are recorded as deferred revenue or expenses.

Contributed surplus

Subsidies from the Government as shareholder are recorded under contributed surplus.

3. Inventories	1985	1984
Salt	$1 354 240	$2 218 214
Supplies	3 850 067	3 707 067
	$5 204 307	$5 925 281

4. Claim receivable

In September 1983, Mines Seleine inc., a subsidiary of SOQUEM, launched a civil suit against an insurer, Allstate of Canada. The suit claims material damages for an amount of $10 883 000, suffered due to the appearance on July 3, 1981, of a crack in an ice wall protecting construction work on a shaft. Based on an opinion received from a law firm, the insurance policy applies in this instance, and the insurer is responsible for compensation to the Société's subsidiary.

The claim covering the interruption in business was determined according to the terms provided for in the insurance policy. The period of interruption claimed was evaluated by one of SOQUEM's engineers; in addition, the services of a consulting engineering firm were also retained to prepare an opinion on this matter.

This insurance claim was recorded retroactively, and has caused an increase (decrease) in the following items of the financial statements:

	1985	1984
Claim receivable	$16 300 770	$14 768 578
Fixed assets — at cost*	(13 929 021)	(13 929 021)
Deferred revenue — interest on claim receivable	$2 371 749	$839 557

* The depreciation of its fixed assets recorded in the books up to the date of this claim has not been adjusted.

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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5. Investments

	1985	1984
Affiliates, at equity value (market value: $26 832 259; $37 688 583 in 1984)	$23 012 396*	$22 602 749
Other — at cost	4 788 610**	2 044 295
	$27 801 006	$24 647 044

* This amount includes shares for a total of $610 697 (market value: $1 323 000; in 1984, $1 727 250) allocated as security for operations relating to gold options.

** At March 31, 1985, the books of SOQUEM include a mortgage loan of $49 229 to one of its officers, bearing interest at 9 % annually, payable by annual instalments of $9 000, including principal and interest, of which $28 330 is included in Other investments.

6. Fixed assets

	1985	1984
Land, buildings, equipment and other	$97 141 978	$88 365 814
Development charges	75 241 705	63 878 924*
Infrastructure	19 644 350	19 685 818
Net financial charges and start-up costs	13 936 217	13 936 217
Pre-production costs	12 728 944	12 757 624
Mining properties	12 783 599	12 948 210*
Rolling stock held under capital lease	3 314 351	3 337 200
	234 791 144	214 909 807
Subsidies	923 184	898 206
	233 867 960	214 011 601
Claim receivable (Note 4)	13 929 021	13 929 021
	219 938 939	200 082 580
Accumulated depletion and depreciation	58 110 527	37 451 929
	$161 828 412	$162 630 651

* These figures have been revised as a result of a new distribution of these items.

7. Deferred expenses

	1985	1984
(a) Mining projects at the exploration or development stage:		
Additions during the year		
Exploration charges	$4 083 091	$6 081 927
Development costs	5 264 653	1 228 444
	9 347 744	7 310 371
Less:		
Mining projects abandoned	1 096 829	1 875 822
Disposal of options to purchase mining properties	265 000	
Disposal of mining projects		8 934 510
Projects posted to fixed assets		2 177 770
	7 985 915	(5 677 731)
(b) Other items		
Deferred loss on currency exchange, unrealized	1 767 745	838 447
Less: amortization	182 811	24 900
	1 584 934	813 547
Fees and commissions on gold sales contracts	94 257	
	1 679 191	813 547
	9 665 106	(4 864 184)
Balance at the beginning	30 366 166	35 230 350
Balance at year-end	$40 031 272	$30 366 166
Comprised of:		
Exploration charges	$25 591 988	$22 434 622
Development costs	12 511 094	7 682 545
Deferred loss on currency exchange, unrealized	1 833 933	248 999
Fees and commissions on gold sales contracts	94 257	
	$40 031 272	$30 366 166

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

8. Long-term debt

	Current Payments	1985	1984
SOQUEM			
Bank loan, payable in 20 equal semi-annual installments maturing in 1995, including $19 million U.S. (a)	$3 650 000	$35 934 838	$36 500 000
Term loan, renewable until 1986, payable thereafter over a period of five years (1984: no repayment terms) (b)		24 521 698	35 502 702
Term loan renewable until 1986, payable thereafter over a period of five years (c)		6 000 000	
Commitments under capital lease contracts (e)	965 605	1 454 202	2 325 325
Mortgage loan, 11.25 % payable by monthly installments to 2004 (d)	14 028	933 665	946 239
Mortgage loans at varying rates and dates of maturity (d)	5 403	73 744	66 126
Mines Seleine Inc.			
Term loan, renewable until 1986, payable thereafter over a period of five year (c)		8 000 000	8 000 000
Soquemines Inc.			
Loans at variable rates and terms			2 590
	4 635 036	76 918 147	83 342 982
Current installments payable		4 635 036	2 691 700
	$4 635 036	$72 283 111	$80 651 282

(a) Interest rate varying according to lender's prime rate, LIBOR and bankers' acceptance rates on the money market.
(b) Interest varying with the prime rate, the cost of funds to the lender and bankers' acceptance rates on the money market.
(c) Interest varying with the prime rate and the cost of funds to the lender.
(d) Annual installments on mortgage loans will vary between $19 430 and $29 798 over the next five years.
(e) Minimum payments under capital lease contracts will be as follows:

Fiscal year	
1986	$1 075 894
1987	498 944
	1 574 838
Less: hypothetical interest	120 636
Commitments under capital lease contracts	$1 454 202

In February 1985, the Société concluded an interest rate exchange contract with a banking institution, expiring from 1987 to 1990, the effect of which is to convert variable rates on $40 000 000 of borrowings to fixed rates of 11.8 % and 12.6 %.

9. Deferred credit on gold options

A subsidiary received a net amount of $480 457 in return for a commitment to sell 24 850 ounces of gold at prices varying from $320 U.S. to $360 U.S. and at predetermined dates (from May to November 1985.) The market value of these commitments at March 31, 1985 is $621 058.

10. Deferred revenue

	1985	1984
Gold sale contracts	$3 716 899	
Accrued interest on claim receivable (Note 4)	2 371 749	$839 557
	6 088 648	839 557
Less: Current portion	619 483	
	$5 469 165	$839 557

11. Capital stock

The shares of SOQUEM are held by the Government of Québec.

The authorized capital stock of the Société is $125 000 000. During the fiscal year, SOQUEM received $11 600 000 as payment for 1 160 000 shares, bringing its issued and paid-up capital stock to $110 600 000 at March 31, 1985.

The balance of authorized and non-subscribed capital stock, $14 400 000, will be paid in one or more installments with the prior approval of the government under conditions it will determine.

12. Net financial charges

	1985	1984
Interest on long-term debt	$9 235 888	$8 234 351
Interest on capital lease	272 833	400 297
Other interest charges — net	796 503	631 959
	$10 305 224	$9 266 607

13. Extraordinary items

	1985	1984
Profit resulting from a new issue of shares to third parties by associated companies	$3 372 723	$7 563 533
Share of extraordinary losses of associated companies	3 151 983	
	$220 740	$7 563 533

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

14. Funds generated by operations

	1985	1984
Loss before extraordinary items	$(7 489 843)	$(8 902 773)
Items not affecting working capital:		
Depreciation and depletion of fixed assets	20 798 358	17 690 765
Deferred mining duties	2 130 600	3 821 585
Deferred expenses	1 274 811	1 900 722
Participation in net profits (net losses) of associated companies, less dividends received	913 125	(460 728)
Loss on disposal of fixed assets	94 759	51 125
Deferred credit on gold options		(3 044 310)
Loss on disposal of mining projects		1 997 510
Gain on disposal of investments		(165 547)
	$17 721 810	$12 888 349

15. Commitments

a) Sales contract for salt

Mines Seleine Inc. made a contractual commitment to supply the Government with at least 90 % of its salt requirements to March 31, 1992.

b) Operating and lease contracts

As a result of the aforementioned contract, a commercial agreement is presently in force between Mines Seleine Inc. and Société Sonamar Inc. to charter a ship for the transit of salt on payment of annual minimum rent of $6 926 000 until 2002.

Mines Seleine Inc. is committed under operating and lease contracts until 1992 for the payment of annual rent in the amount of approximately $402 000 for warehouse space.

Minimum annual installments under these contracts for the next five fiscal years total $7 328 000.

c) Loan agreement

Under a loan agreement, a subsidiary has extended credit coverage not exceeding 14 000 ounces of gold to an associated company. At March 31, 1985, 6 000 ounces has been paid and the balance of 8 000, equivalent to an amount of roughly $3 300 000, is to be paid during the period from April to October 1985.

16. Contingent liabilities

A lawsuit for damages and interest has been filed by a SOQUEM subsidiary and a firm of engineering consultants against a contractor for work done. The claim is for $2.8 million and could well rise to about $10 million. The contractor has filed a counterclaim for $3 991 565 against the subsidairy and the consulting firm. Legal counsel to the subsidiary considers it highly unlikely the firm be found liable for damages toward the contractor; hence, no provision has been recorded.

Any liability or resulting gain will be posted to fixed assets.

17. Event subsequent to the date of the balance sheet

An associated company has indicated its intention of exercising an option granted by SOQUEM in July 1983 to acquire on July 31, 1985, a processing plant, equipment and mining concessions for a price of $12 339 000. As consideration, SOQUEM's investment in this associated company will increase by an equal amount.

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

R.S.Q., c. S-19

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'exploration minière — SOQUEM, as at March 31, 1985 and the consolidated statement of operating results and retained earnings and the changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting policies applied on a basis consistent with that of the preceding year after giving retroactive effect to the recording of a claim receivable, mentioned in Note 4.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 3, 1985

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

R.S.Q., c. S-20

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	$28 993	
Accounts receivable	177 545	$91 486
Publications on hand	249 331	210 782
Work in progress — publications	350 957	315 104
Prepaid expenses	13 234	16 566
	$820 060	$633 938
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		$92 665
Accounts payable and accrued charges	$157 191	211 287
Customer deposits		14 218
Deferred revenue	855 524	662 958
DEFICIT LESS CONTRIBUTED SURPLUS FROM THE GOVERNMENT	1 012 715	981 128
Contributed surplus from the Government		
Working capital	75 000	75 000
Deficit	267 655	422 190
	192 655	347 190
	$820 060	$633 938

COMMITMENT (Note 7)

On behalf of the Société,

Jacques Viau
Suzanne Paquet

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1985

	1985	1984
REVENUE FROM PUBLICATIONS AND SERVICES (Note 3)	$2 692 112	$2 095 291
COST OF PUBLICATIONS AND SERVICES (Note 4)	2 091 488	1 572 680
GROSS EARNINGS	600 624	522 611
Customer service (Note 5)	114 298	178 463
General and administrative expenses (Note 6)	331 791	304 920
	446 089	483 383
SURPLUS REVENUE OVER EXPENDITURE BEFORE THE FOLLOWING ITEM	154 535	39 228
Net cost of abandoning publication of a compilation of cases and legal doctrine		265 163
NET PROFIT (NET LOSS) FOR THE FISCAL YEAR	154 535	(225 935)
DEFICIT AT THE BEGINNING	422 190	196 255
DEFICIT AT YEAR-END	$267 655	$422 190

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

A corporation within the meaning of the Civil Code and founded under a special Act, the Société québécoise d'information juridique — SOQUIJ, is responsible for promoting the research and dissemination of legal information with the objective of improving its quality and access for the benefit of the public. In accordance with its founding Act, surplus revenue over expenditure for a fiscal year shall be paid to the Consolidated Revenue Fund after the formation of working capital, the maximum amount of which is set by the Government.

2. Accounting policies

The Société makes use of the accrual basis of accounting, within the bounds of the following practices:

Inventory of publications

Publication inventories are valued at the lesser of cost or net realization value. The item includes only work that has been published since April 1, 1982. The cost of a publication includes the direct cost of design and administrative expenses after substracting contributions from the ministère de la Justice and other agencies.

Publications in stock for a year or more at March 31 are valued 25 % less per annum.

Work in progress — publications

Works underway are valued at the lesser of cost and estimated net realization value. The cost is determined in the same fashion as for inventories.

Fixed assets

The acquisition of equipment, furniture, computer equipment and books for the library is charged to operations.

Revenue from publications

Revenue from subscriptions is recorded over their term. The shipping date of unsubscribed publications determines to which fiscal year revenue is posted.

Expenses assumed by certain departments

Some Société expenses such as the employer's contribution to the Government and Public Employees Pension Plan and certain courrier charges, paid from the appropriations of departments, are not shown on the statement of revenue and expenditure.

3. Revenue from publications and services

	1985	1984
Private customers	$1 431 518	$1 155 803
Ministère de la Justice	420 376	191 055
Barreau du Québec	467 093	485 615
Chambre des notaires	188 254	187 101
Agencies	184 871	75 717
	$2 692 112	$2 095 291

4. Cost of publications and services

	1985	1984
Publications on hand and work in progress at the beginning	$525 886	$811 035
Cost of the year		
Direct cost of production	1 659 003	1 217 191
General expenses assigned	779 227	580 939
	2 964 116	2 609 165
Less:		
Participation in outside publications:		
Ministère de la Justice	228 422	423 557
Agencies	43 918	87 042
	2 691 776	2 098 566
Publications on hand and work in progress at year-end	600 288	525 886
	$2 091 488	$1 572 680

5. Customer service

	1985	1984
Wages, salaries and fringe benefits	$44 034	$95 662
Equipment	53 264	65 801
Rent	17 000	17 000
	$114 298	$178 463

6. General and administrative expenses

	1985	1984
Wages, salaries and fringe benefits	$674 221	$431 350
Professional fees	25 034	35 326
Travel and representation	24 902	17 058
Communications and courrier service	103 519	136 858
Rent and taxes	182 459	188 558
Equipment, furniture and maintenance	32 718	47 998
Stationery and office supplies	77 068	35 183
Documentation	12 435	9 996
Insurance	2 956	2 811
Bad debts	2 706	
Prior year's charges written off	(27 000)	(19 279)
	1 111 018	885 859
General and administrative expenses charged to the cost of publications and services	779 227	580 939
	$331 791	$304 920

7. Commitment

The Société is bound by long-term leases with terms extending until 1991, for administrative quarters and equipment, for which the minimum overall rent is $1 359 692.

The minimum annual rent for the next five fiscal years is as follows:

1986	$257 658
1987	257 658
1988	246 110
1989	242 084
1990	207 520

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

R.S.Q., c. S-20

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'information juridique — SOQUIJ, as at March 31, 1985 and the statements of revenue and expenditure and of deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial situation of the Société as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, August 2, 1985

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

R.S.Q., c. S-21

BALANCE SHEET

as at March 31, 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$2 443 658	$1 669 902
Accounts receivable	7 020	756
Subsidy receivable from the Government		153 000
Accrued interest and dividends receivable	302 581	209 160
Capital payments on investments accruing within a year (Note 3 b)	462 300	433 600
	3 215 559	2 466 418
INVESTMENTS		
Wholly-owned subsidiaries (Notes 3 a and 4)	16 821 774	11 597 026
Capital stock participation and loans (Note 3 b and c)	38 007 180	36 968 104
	54 828 954	48 565 130
FIXED ASSETS (Note 5)	92 723	94 618
	$58 137 236	$51 126 166
LIABILITIES		
CURRENT LIABILITIES		
Bank loan, unsecured	$2 360 000	$2 200 000
Accounts payable and accrued charges	65 612	296 752
Allowance for claims — bank loan guarantees (Note 6)	408 000	479 000
	2 833 612	2 975 752
ADVANCES FROM THE GOVERNMENT	300 000	300 000
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 7)		
Authorized		
850 000 shares, $100 par value		
Issued and paid-up:		
518 000 shares	51 800 000	46 400 000
ASSETS ASSIGNED BY THE GOVERNMENT AND CONVERTED INTO INVESTMENTS IN SUBSIDIARIES	9 540 201	9 540 201
DEFICIT	(6 336 577)	(8 089 787)
	55 003 624	47 850 414
	$58 137 236	$51 126 166

On behalf of the Board of Directors,

André Marier
Léo J. Marquis

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

OPERATING RESULTS AND DEFICIT

for the fiscal year ended March 31, 1985

	1985	1984
INVESTMENT EARNINGS		
Net profit (loss) of subsidiaries (Note 4)		
C.D.M.V. Inc.	$949 434	$652 764
Usine de congélation de St-Bruno Inc.	136 905	152 921
Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	1 748 188	168 578
Société québécoise des pêches	(163 182)	(123 665)
Société québécoise des bio-technologies agro-alimentaires — BIO-AGRAL	(200 367)	
	2 470 978	850 598
Interest	2 154 328	1 885 935
Dividends	2 376 231	1 365 287
Gain on disposal of capital stock participation	891 683	
Other	31 915	22 572
	7 925 135	4 124 392
PROVISION FOR LOSSES		
Capital stock participation and loans including interest accrued and receivable (Note 3 c)	4 804 205	2 448 650
Bank loan guarantees (Note 6)	(61 000)	242 690
	4 743 205	2 691 340
ADMNINISTRATIVE EXPENSES		
Wages, salaries and fringe benefits	689 736	751 819
Professional and administrative services	116 459	59 978
Office space and upkeep	116 947	122 476
Financial charges	278 079	244 130
Sundry	196 801	166 376
Depreciation on fixed assets	30 698	29 148
	1 428 720	1 373 927
NET PROFIT	1 753 210	59 125
DEFICIT AT THE BEGINNING	8 089 787	8 148 912
DEFICIT AT YEAR-END	$6 336 577	$8 089 787

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985

	1985	1984
SOURCE OF FUNDS		
Net profit for the year	$1 753 210	$59 125
Items not affecting working capital:		
Net profit of subsidiaries	(2 470 978)	(850 598)
Provision for losses on capital stock participation and loans	3 833 518	1 664 862
Gain on disposal of capital stock participation	(891 683)	
Depreciation on fixed assets	30 698	29 148
Funds from operations	2 254 765	902 537
Capital stock issued	5 400 000	6 400 000
Loan payments and disposal of capital stock participation	4 375 794	226 099
Disposal of vessels		3 033 483
	12 030 559	10 562 119
APPLICATION OF FUNDS		
Investments in wholly-owned subsidiaries	2 753 770	192 533
Capital stock participation and loans granted	8 356 705	8 627 774
Acquisition of fixed assets	28 803	5 190
Acquisition of vessels		3 033 483
	11 139 278	11 858 980
INCREASE (DECREASE) IN WORKING CAPITAL	891 281	(1 296 861)
WORKING CAPITAL AT THE BEGINNING	(509 334)	787 527
WORKING CAPITAL (DEFICIT) AT YEAR-END	$381 947	$(509 334)

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

The Société québécoise d'initiatives agro-alimentaires — SOQUIA, is a joint stock company founded under a special Act and is responsible for:

— promoting the establishment, modernization of firms in the area of food production;

— taking part in the production, processing and marketing of any food stuffs derived from agriculture or commercial fisheries.

Société activities centre around the acquisition of shares and the granting of shareholder loans to firms operating in the agricultural and food production sector within Québec. SOQUIA shares are part of the public domain and are assigned to the Minister of Finance.

2. Accounting policies

Société financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows.

Investments

Subsidiaries

SOQUIA's interest in its wholly-owned subsidiaries, the Centre de distribution de médicaments vétérinaires (C.D.M.V.) Inc., Usine de congélation de St-Bruno Inc. and Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc., the Société québécoise des pêches, and Société québécoise des biotechnologies agro-alimentaires — BIO-AGRAL is recorded at equity value.

The financial statements of subsidiaries are not consolidated with those of SOQUIA since management considers that the presentation at equity value allows shareholder analysis of their activities distinct from those of SOQUIA.

Capital stock participation

Shares are recorded at cost of acquisition. SOQUIA interest does not exceed 50 % of the firm's capital stock on acquisition. Where SOQUIA subsequently gains effective control to protect its investment or to ensure the continuity of financial intervention, participation continues to be shown at cost under the same item on the balance sheet.

Provision for losses on capital stock participation and loans

The provision for losses in financial assistance to firms through capital stock participation is established by projecting the loss for each account presenting major collection problems.

Fixed assets

Fixed assets are shown at their cost of acquisition with depreciation charged as follows:

	Rate	Method
Furniture and equipment	20%	Diminishing balance
Vehicles	25%	Diminishing balance
Computer equipment	20%	Diminishing balance
Software	20%	Linear
Leasehold improvements	—	over the length of the lease

Pension plan

The contribution as employer to the pension plan for SOQUIA employees is assumed by the Government and not shown on the financial statements.

3. Investments

	1985	1984
(a) wholly-owned subsidiaries		
— at equity value		
Centre de distribution de médicaments vétérinaires (C.D.M.V.) inc.		
Common shares, at cost	$1 750 000	$1 750 000
Retained earnings	2 898 355	1 948 921
	4 648 355	3 698 921
Usine de congélation de St-Bruno inc.		
Common shares, at cost	1 064 473	1 064 473
Retained earnings	425 914	289 009
	1 490 387	1 353 482
Centre d'insémination artificielle du Québec (C.I.A.Q.) inc.		
Common shares, at cost	6 024 111	6 024 111
Retained earnings	2 199 832	451 644
	8 223 943	6 475 755
Société québécoise des pêches		
Common shares, at cost	2 650 000	
Deficit	(286 847)	(123 665)
Advances	76 083	179 079
	2 439 236	55 414
Société québécoise des bio-technologies agro-alimentaires — BIO-AGRAL*		
Deficit	(200 367)	
Advances	220 220	13 454
	19 853	13 454
	$16 821 774	$11 597 026

* Founded under the Act respecting the Société québécoise d'initiatives agro-alimentaires. No capital stock had been issued at March 31, 1985.

	1985	1984
b) Capital stock participation and loans, at costs		
Common shares*	$31 670 061	$30 320 541
Preferred shares	1 240 990	854 922
	32 911 051	31 175 463
Loans and debentures**	15 544 230	12 468 525
	48 455 281	43 643 988
Less: Capital payments due within a year	462 300	433 600
	47 992 981	43 210 388
Provision for losses	9 985 801	6 242 284
	$38 007 180	$36 968 104

* At March 31, 1985, $10 845 570 of common shares (1984: $11 971 050) had a market value of $25 813 250 (1984: $26 688 100). The balance of unlisted common shares in the amount of $20 824 491) (1984: $18 349 491) including a provision for losses of $3 262 550 (1984: $1 371 041) that was fully funded had a book value of $30 896 900 (1984: $25 754 900) on the firm's date of closing.

** A subsidy from the Government in the amount of $400 000 has been substracted from the investment cost.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

3. Investments (cont'd)

(c) Provision for losses on capital stock participation loans (including interest, accrued and receivable)

	1985	1984
Balance at the beginning	$7 219 710	$9 935 269
Written off during the year:		
Capital stock participation		300 001
Loans	90 000	4 521 985
Loan interest accrued and receivable		342 223
	90 000	5 164 209
	7 129 710	4 771 060
Provision for the year:		
Capital stock participation	1 168 668	1 274 862
Loans	2 664 850	390 000
	3 833 518	1 664 862
Loan interest accrued and receivable	970 687	783 788
	4 804 205	2 448 650
Balance at year-end	$11 933 915	$7 219 710

The provision for losses is subtracted from balance sheet items as follows:

	1985	1984
Capital stock participation	$3 262 550	$2 093 883
Loans	6 723 251	4 148 401
	9 985 801	6 242 284
Accrued interest and dividends receivable	1 948 114	977 426
	$11 933 915	$7 219 710

4. Summary financial data on wholly-owned subsidiaries
(in thousands of dollars)

	C.D.M.V. Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	Société québécoise des pêches	BIO-AGRAL	Total 1985	Total 1984
Balance sheet at March 31							
Current assets	6 092	397	4 909	795		12 193	11 188
Investments		57		2 150		2 207	22
Fixed assets, depreciated	1 474	1 100	4 305	54	22	6 955	5 116
Other assets			1 482			1 482	1 745
	7 566	1 554	10 696	2 999	22	22 837	18 071
Current liabilities							
To third parties	2 513	64	1 915	560	2	5 054	4 005
To a subsidiary							2 000
Long-term debt							
To third parties	405		557			962	483
SOQUIA				76	220	296	179
Shareholder equity — SOQUIA:							
Capital stock	1 750	1 064	6 024	2 650		11 488	8 838
Retained earnings (deficit)	2 898	426	2 200	(287)	(200)	5 037	2 566
	7 566	1 554	10 696	2 999	22	22 837	18 071

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

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4. Summary financial data on wholly-owned subsidiaries (cont'd)

	C.D.M.V. Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	Société québécoise des pêches	BIO-AGRAL	Total 1985	Total 1984
Operating results and retained earnings (deficit) for the year							
Sales	24 601	901	8 520	228		34 250	28 278
Gross profit	3 215	321	8 520	228		12 284	9 681
Operating and management expenses less other revenue	2 266	184	6 772	391	200	9 813	8 830
Net profit (loss) for the year	949	137	1 748	(163)	(200)	2 471	851
Retained earnings at the beginning	1 949	289	452	(124)		2 566	1 715
Retained earnings (deficit) at year-end	2 898	426	2 200	(287)	(200)	5 037	2 566

5. Fixed assets

	1985 Cost	1985 Accumulated Depreciation	1985 Net	1984 Net
Furniture and equipment	$139 962	$83 689	$56 273	$64 274
Vehicle	16 629	8 879	7 750	10 128
Computer equipment	21 273	4 255	17 018	
Software	1 462	292	1 170	
Leasehold improvements	50 426	39 914	10 512	20 216
	$229 752	$137 029	$92 723	$94 618

6. Provision for claims — bank loans guarantees

	1985	1984
Provision for claims — bank loans guarantees		
Balance at the beginning	$479 000	$2 797 639
Use of guarantees	10 000	2 561 329
	469 000	236 310
Provision for the year	(61 000)	242 690
Balance at year-end	$408 000	$479 000

The Société guarantees bank loans of $1.8 million at March 31, 1985 ($1.4 million at March 31, 1983) on behalf of firms in which SOQUIA holds an interest.

7. Capital stock

The Société's amount of capital stock is $85 000 000. During the year, it received $5 400 000 in payment for 54 000 shares bringing its capital to $51 800 000.

The Ministère of Finance will pay $4 000 000 in 1985-1986 for 40 000 shares. The remainder of unsubscribed capital stock in the amount of $29 200 000 will be paid to SOQUIA according to its needs, with prior Government approval.

From March 31, 1985 until the time the financial statements were prepared, SOQUIA received $2 000 000 from the Government for 20 000 shares.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

R.S.Q., c. S-21

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'initiatives agro-alimentaires — SOQUIA, as at March 31, 1985 and the statements of operating results and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial position of the Société as at March 31, 1985 and the results of its operations and the changes in the financial position for the year then ended, in accordance with generally accepted accounting policies applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, June 21, 1985

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

R.S.Q., c. S-22

CONSOLIDATED BALANCE SHEET

as at March 31, 1985
(in thousands of dollars)

	1985	1984 (Note 16)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	16 167	9 721
Accounts receivable (Note 3)	24 351	6 036
Subsidies receivable under programs to encourage petroleum production	371	637
Drilling supplies, at cost	601	540
Prepaid expenses	935	513
	42 425	17 447
INVESTMENTS (Note 5)	82 610	68 702
OIL AND GAS PROPERTIES (Note 6)	273 253	100 317
FIXED ASSETS (Note 7)	38 447	3 362
	436 735	189 828

	1985	1984
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	33 525	2 867
Payments due within the coming fiscal year:		
Long term debt (Note 8)	241	378
Advances on natural gas sales contracts	1 000	
Commitments under capital lease contracts (Note 9)	525	
	35 291	3 245
LONG-TERM DEBT (Note 8)	178 102	19 283
ADVANCES ON NATURAL GAS SALES CONTRACTS	5 434	132
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 9)	3 258	
SHAREHOLDER EQUITY		
Capital stock (Note 10)	203 900	164 000
Retained earnings	10 750	3 168
	214 650	167 168
	436 735	189 828

COMMITMENTS (Note 13)
SUBSEQUENT EVENTS (Note 14)

On behalf of the Board of Directors,

Robert L. Vachon, Chairman of the Board
Pierre Martin, President and Chief Executive Officer

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	1985	1984
REVENUE		
Sale of oil and natural gas (Notes 11 and 15)	24 316	5 244
Less: royalties	3 472	885
	20 844	4 359
Share in net earnings of affiliates (Note 5)	8 357	6 143
Other	864	250
	30 065	10 752
EXPENDITURE		
Production	5 422	1 187
Depreciation and depletion	7 632	2 454
General and administrative expenses	5 115	3 360
Net financial charges (Note 12)	3 814	44
	21 983	7 045
PROFIT BEFORE THE FOLLOWING ITEMS	8 082	3 707
Recovery on royalties		165
Investment write-down	(500)	(500)
	(500)	(335)
NET PROFIT	7 582	3 372

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	1985	1984
Retained earnings deficit at the beginning	3 168	(204)
Net profit	7 582	3 372
Retained earnings at year-end	10 750	3 168

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1985
(in thousands of dollars)

	1985	1984 (Note 16)
SOURCE OF FUNDS		
Funds from operations		
Net profit	7 582	3 372
Items involving no outlay of funds:		
Depreciation and depletion	7 632	2 454
Investment write-down	500	500
Share in net earnings of affiliates after substracting dividends paid	(4 624)	(2 836)
Transfer of advances on natural gas sales contracts	(624)	
	10 466	3 490
Subsidies under program to encourage petroleum production	492	26 415
Shares issued	39 900	30 000
Long-term debt	156 867	17 275
Commitments under capital leases contracts	4 025	
Disposal of oil and gas properties		11 000
Advances on natural gas sale contracts		132
	211 750	88 312
APPLICATION OF FUNDS		
Acquisition of Sundance Oil Company: (Note 4)		
Payment	179 632	
Deficit in working capital assumed	7 588	
Acquisition of oil and gas properties	12 407	41 220
Acquisition of fixed assets	8 592	1 480
Investments	9 784	28 295
Long-term debt	48	7 058
Commitments under capital lease contracts	767	
	218 818	78 053
INCREASE (DECREASE) IN WORKING CAPITAL	(7 068)	10 259
WORKING CAPITAL AT THE BEGINNING	14 202	3 943
WORKING CAPITAL AT YEAR-END	7 134	14 202

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

NOTES TO FINANCIAL STATEMENTS
at March 31, 1985

1. Constitution and purpose

Founded as a joint-stock company under a special Act in 1969, the Société québécoise d'initiatives pétrolifères (SOQUIP) has been conferred the task of carrying on research, production, storage, transportation, purchase, importing and sale of hydrocarbons in liquid or gaseous forms, all within the perspective of profitability.

2. Accounting policies

SOQUIP financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Consolidation

The consolidated financial statements include the accounts of SOQUIP and its wholly-owned subsidiary EXPLORATION SOQUIP INC. and its subsidiary as well as SOQUIP Alberta Inc. and its subsidiary for the fiscal year ended March 31, 1985; Sundance Oil Company and its subsidiary and Sundance Oil from Canada Ltd. from its acquisition, December 21, 1984, to March 31, 1985.

Investments

SOQUIP records its investments at equity value where its share of voting stock in a company is between 20 % and 50 % and SOQUIP exercises significant influence on financial and administrative decision making. The investment is recorded at cost, plus the SOQUIP share of the company's net profit and reduced correspondingly in the event of a loss or payment of dividends.

Portfolio investments are recorded at cost.

Oil and gas properties

SOQUIP capitalizes all exploration and development costs to oil and gas properties. Included are the cost of acquiring concessions, geological and geophysical work, rent on non-productive land, drilling costs and general charges having to do with exploration and development.

The Société capitalizes interest on borrowings related to certain assets at the effective rate of interest on the long-term debt. These assets include undeveloped land for which appraisal has not been initiated or completed, as well as major projects in the drilling, development or construction stage.

Subsidies to which SOQUIP is entitled under programs to encourage petroleum production are applied to reduce the cost of oil and gas properties.

These accumulated costs for exploration and development of oil and gas reserves are assigned to projects whose evaluation has been completed or is in progress. The costs of evaluated projects is amortized according to the proportional depletion of proven reserves.

Oil and gas properties that have been valuated are recorded at the lesser of their depreciated cost and the recovery value of proven reserves.

The accumulated cost of projects under valuation, including large ones for which no proven reserves have been found, are excluded from depletion until reserves are discovered or the project abandoned.

Fixed assets

Fixed assets are recorded at cost of acquisition. The diminishing balance method is used in charging depreciation at a constant annual rate as follows:

Gas processing plants	5%
Gas pipeline	6%
Warehouses and equipment	5% to 20%
Rolling stock	8% to 30%

Depreciation on leasehold improvements is charged according to estimated service life over the length of the lease.

Lease contracts

When, under the terms of a lease, virtually all the benefits and risks inherent in the property of the asset leased accrue to, or are the responsibility of, the Société, the cost of the asset leased as well as the present value of the obligation arising from the contract are recorded in the accounts as if it were an acquisition of an asset and a loan. Assets covered by a sale-leaseback contract are depreciated using the same method as other fixed assets.

Operating lease contracts are charged to results.

Joint ventures

The Société is involved in many joint ventures. The financial statements only reflect SOQUIP's proportional interest.

Translation of foreign currencies

Items in the financial statements in foreign currencies have been translated into Canadian dollars at the following rates: current assets and liabilities and the long-term debt, closing rate; other assets and liabilities at the rate used for the most recent acquisition or assumption; revenue and expense, at the average rate for fiscal year, except for depreciation and depletion, translated at the rate used to translate the corresponding assets. Gains and losses resulting from the translation of the long-term debt are amortized over the remaining term of the debt.

Income taxes

The Société and certain of its subsidiaries are not subject to income tax. Subsidiaries which are taxable use the tax deferral method to allow for temporary differences between accounting revenue and taxable income.

Advances on natural gas sales contracts

The Société has received advances under contracts for the sale of natural gas which provide that the buyer is obliged to take delivery of the gas at a fixed date or pay immediately, with delivery deferred until later. Under these contracts, the Société must deliver a minimum of 10 % of the natural gas paid for in advance during the first five months of each year covered by such a contract. These deliveries began in November 1984 and will continue until the advances are fully repaid. Advances received are transferred to revenue at time of delivery.

3. Accounts receivable

This item includes the following:

	1985	1984
	(in thousands of dollars)	
Company over which the Société exercises a significant influence	3 332	705
Joint venture	4 276	572
Others	16 743	4 759
	24 351	6 036

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

4. Acquisition of Sundance Oil Company

In order to acquire certain oil and natural gas properties of Sundance Oil Company (Sundance), SOQUIP acquired all voting rights of Sundance, a company with its head office in Denver, Colorado, on December 21, 1984. The company, with assets in Canada, is active in exploration, development and production of oil, natural gas and natural gas liquids. As part of the acquisition, SOQUIP disposed of a 50 % interest held by Sundance in certain oil and gas-bearing properties. Accordingly, the acquisition was recorded after allowing for this disposal.

The acquisition was recorded using the purchase method. The total cost representing the fair value of the net assets acquired is distributed as follows:

	(in thousands of dollars)
Oil and gas properties	167 319
Gas treatment plant and equipment	27 827
Fair value of assets acquired	195 146

The acquisition was paid for in the following way:		
Cash consideration		179 632
Debts assumed		
Working capital deficit	7 588	
Advances on natural gas sales contracts	5 926	
Others	2 000	15 514
		195 146
The cash consideration was financed as follows:		
Share issue		25 000
Long-term bank borrowings		154 632
		179 632

5. Investments

	% Interest	1985 (in thousands of dollars)	1984 (in thousands of dollars)
At equity value:			
Gaz Métropolitain, Inc. (a) 5 950 000 (1984:5 900 000) common shares, no par value (market value $53 550 000; 1984: $42 067 000)	20.12%	44 015	40 296
Gaz Inter-Cité Québec Inc. (a) 27 005 682 (1984 :17 205 682) common shares no par value	49,00%	28 002	16 664
GNC Québec Ltée (a) 100 000 common shares, no par value, and an advance of $472 000 (1984:$247 000)	25,00%	46	66
PAREX, a partnership (b)	33,33%	10 547	11 176
Other investment, at estimated realization value			500
		82 610	68 702

(a) The share in net earnings of affiliates in the amount of $8 357 000 was determined on the basis of audited financial statements at December 31, 1984 ($2 766 000) and of unaudited statements for the period January 1, through March 31, 1985 ($5 591 000). Dividends received during the year amounted to 3 733 000.

(b) This partnership was formed by a wholly-owned subsidary of SOQUIP and two other firms for the purpose of carrying out exploration in the waters off Newfoundland and Nova Scotia. Attendant management expenses of $216 000 (1984: $176 000 were capitalized to the cost of this investment. Recovery of the amount invested will depend on the sucess of PAREX activities.

The SOQUIP interest in the assets, liabilities and equity of the associates at March 31, 1985 is as follows:

	1985	1984
	(in thousands of dollars)	
Assets	14 926	11 951
Liabilities	4 771	951
SOQUIP's equity	10 155	11 000

Since the PAREX fiscal year ends December 31, the figures above are taken from its unaudited financial statements at March 31, 1985.

6. Oil and gas properties

(in thousands of dollars)

	1985			1984
	Cost	Accumulated Depletion	Net	Net
Valuation completed	234 600	10 443	224 157	66 055
Under valuation	49 096		49 096	34 262
	283 696	10 443	273 253	100 317

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

7. Fixed assets
(in thousands of dollars)

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Gas processing plant, equipment, storage facilities and land	36 116	2 577	33 539	2 260
Gas pipeline	1 172	136	1 036	1 102
Equipment and rolling stock held under capital lease contracts	4 025	153	3 872	
	41 313	2 866	38 447	3 362

8. Long-term debt

	1985	1984
	(in thousands of dollars)	
SOQUIP		
Interest-free loans payable according to the production of certain gas reserves	327	504
EXPLORATION SOQUIP INC.		
Note, interest-free, payable as of June 1986 to June 1988 by annual installments of $2 500 000, balance due June 1989	10 177	10 185
SOQUIP ALBERTA INC.		
Bank loan repayable by quarterly installments over a period of six years beginning April 1, 1987. The installments are to be determined based on the amount of the loan and the funds generated by the assets pledges as security. This amount includes $5 111 000 U.S., equivalent to $6 923 000 when translated into Canadian dollars at March 31, 1985.	147 301*	8 972
Bank loan repayable in three equal annual installments beginning April 1, 1986.	15 000*	
Bank loan repayable on demand and bearing interest at the Canadian prime rate plus $^3/_8$%.	3 528	
Other debt		
Estimated liability arising from the acquisition of Sundance Oil Company repayable in unequal installments until 1999.	2 010	
	167 839	8 972
	178 343	19 661
Long-term debt due within a year	241	378
	178 102	19 283

* In accordance with an agreement signed December 17, 1984 with a Canadian chartered bank, $82 million bears interest at bankers' acceptance rates. The balance of $65.3 million bears interest, at the option of the Société, at the Canadian or U.S. prime rate plus $^3/_8$% or at the LIBOR rate plus $^5/_8$%. At March 31, 1985, the weighted average rate on these borrowings was 11.3%.

Bank loans are secured by pledges of all producing and non-producing oil and gas properties of SOQUIP Alberta Inc., by the assignment of its accounts receivable and all its hydrocarbons sales contracts.

As consideration for the loan granted to its subsidiary, SOQUIP has guaranteed repayment of all the debts of its subsidiary arising from its bank loan agreement.

9. Obligations arising from lease contracts
(in thousands of dollars)

The following table shows the minimum payments to be made after March 31, 1985 under commitments arising from leases, as well as the present value of the obligations arising from the sale-leaseback contracts.

Fiscal year	Sale-leaseback contracts	Operating lease contracts	Total
1986	954	846	1 800
1987	954	848	1 802
1988	954	851	1 805
1989	954	853	1 807
1990	1 313	486	1 799
Total minimum payments	5 129	3 884	9 013
Less: amount representing interest calculated at average rate of 12.12%	1 346		
Present value	3 783		
Less: payments falling due during next fiscal year	525		
Obligations arising from sale-leaseback contracts	3 258		

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1985

10. Capital stock

SOQUIP's capital stock is composed of $50 par value shares entirely held by the Government.

	1985 (in thousands of dollars)	1984 (in thousands of dollars)
Authorized 5 100 000 shares	255.0	255.0
Issued and paid up 4 078 000 shares (1984: 3 280 000) including 798 000 share issued for cash during the fiscal year for an amount of $39.9 million	203.9	164.0

Additional share subscriptions

Under the Act respecting the Société québécoise d'initiatives pétrolières, it is provided that the balance of the authorized but unsubscribed capital stock of $51.1 million could be paid beginning in the next fiscal year.

11. Sale of oil and natural gas

The item represents natural gas sales from the reserves of SOQUIP or its wholly-owned subsidiaries. It does not include $11 967 000 (1984: $830 000) sales at cost price made by SOQUIP as go-between under certain supply contracts.

12. Net financial charges

	1985 (in thousands of dollars)	1984 (in thousands of dollars)
Interest on long-term debt	4 770	680
Interest on capital lease contracts	239	
	5 009	680
Less: Interest on bank deposits and current investment earnings	1 195	636
	3 814	44

13. Commitments

(a) Under the term of the partnership agreement forming PAREX in September 1983, the EXPLORATION SOQUIP INC. subsidiary is jointly liable with its associates for PAREX obligations. The share of additional investment called for by the agreement, net of anticipated subsidies for encouraging petroleum production, amounts to approximately $9 million.

(b)Under the provisions of fixed benefit pension plans, SOQUIP is committed to making up any eventual actuarial deficiency, under certain conditions. According to the actuarial valuation dated December 31, 1984, pension plans were fully capitalized.

(c)In addition to commitments made in the normal course of affairs, SOQUIP and one of its subsidiaries are responsible for the obligations of two partnership associates.

14. Subsequent events

Following an issue by Gaz Inter-Cité Québec Inc. of 10 000 000 common shares, the Société acquired 4 900 000 additional shares at a cost of $1.00 per share in April 1985.

On May 7, 1985, subject to the approval of the Régie de l'électricité et du gaz, the Société also reached a draft understanding according to which it has undertaken to sell all its shares in Gaz Inter-Cité Québec Inc. to Gaz Métropolitain Inc. This transaction will enable the Société to recover in cash, an amount greater than the equity value of its investment and obtain certain other advantages related to future natural gas supplies for these companies.

15. Related party transactions

In the normal course of business the Société entered into transactions for the sale of natural gas amounting to $4 708 000 with a company over which it exercises significant influence.

16. Comparative figures

Certain figures for 1984 have been reclassified for consistency with the presentation adopted in 1985.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

R.S.Q., c. S-22

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'initiatives pétrolifères — SOQUIP as at March 31, 1985, and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Société at March 31, 1985, as well as the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 31, 1985

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

R.S.Q., c. U-1

OPERATING FUNDS CONSOLIDATED BALANCE SHEET

as at May 31
(in thousands of dollars)

	1985	1984
ASSETS		
OPERATING FUND, UNRESTRICTED		
Cash and deposits	19 739	
Accounts receivable		
Students	1 026	875
Other	5 002	3 620
Subsidies receivable		
Ministère de l'Enseignement supérieur, de la Science et de la Technologie	242	35 499
Other	26	184
Inventories and pepaid expenses (Note 4)	5 677	4 195
Investments (Note 5)	300	318
Advances to the Investment Fund	834	2 073
Long-term deferred charges (Note 3)	346	
FUND TOTAL	33 192	46 764
OPERATING FUND, RESTRICTED		
Cash and deposits	4 287	3 251
Accounts receivable	860	516
Subsidies receivable	8 914	6 791
Advances to:		
Unrestricted Fund	4 789	6 128
Investment Fund	267	266
Trust Fund	90	
FUND TOTAL	19 207	16 952

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

R.S.Q., c. U-1

OPERATING FUNDS
CONSOLIDATED BALANCE SHEET
as at May 31
(in thousands of dollars)

	1985	1984
LIABILITIES		
OPERATING FUND, UNRESTRICTED		
Bank overdraft and bank loans	2 672	11 050
Accounts payable and accrued charges	22 455	20 664
Deferred revenue	2 222	2 641
Advances from:		
Restricted Fund	4 789	6 128
Trust Fund	146	73
Endowment Fund	7	7
	32 291	40 563
Fund balance	901	6 201
FUND TOTAL	33 192	46 764
OPERATING FUND, RESTRICTED		
Accounts payable and accrued charges	605	427
Advances from:		
Trust Fund		18
Endowment Fund	25	
	630	445
Fund balance	18 577	16 507
FUND TOTAL	19 207	16 952

COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

R.S.Q., c. U-1

TRUST FUND
CONSOLIDATED BALANCE SHEET

as at May 31
(in thousands of dollars)

	1985	1984
ASSETS		
Cash and deposits	165	441
Accounts receivable	100	95
Investments (Note 5)	12	12
Advances to:		
Unrestricted Fund	146	73
Restricted Fund		18
FUND TOTAL	423	639
LIABILITIES		
Accounts payable and accrued charges		10
Advances from:		
Unrestricted Fund	90	
Investment Fund	1	1
Interest-free loan, due in 1989	12	12
	103	23
Fund balance	320	616
FUND TOTAL	423	639

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

R.S.Q., c. U-1

ENDOWMENT FUND
CONSOLIDATED BALANCE SHEET
as at May 31
(in thousands of dollars)

	1985	1984
ASSETS		
Cash and deposits	769	14
Accounts receivable		1
Advances to:		
Restricted Fund	25	
Unrestricted Fund	7	7
Investment (Note 5)	330	330
FUND TOTAL	1 131	352
LIABILITIES		
Fund balance	1 131	352
FUND TOTAL	1 131	352

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units
R.S.Q., c. U-1

INVESTMENT FUND
CONSOLIDATED BALANCE SHEET

as at May 31
(in thousands of dollars)

	1985	1984
ASSETS		
Cash and deposits	62	716
Accounts receivable	1 208	5
Claims — ministère de l'Enseignement supérieur, de la Science et de la Technologie	29 851	22 104
Long-term subsidy receivable (Note 7)	30	45
Investments (Note 5)	503	518
Fixed assets (Note 6)	377 310	340 334
Deferred financial charges, at amortized cost	4 493	4 721
Advances to the Trust Fund	1	1
FUND TOTAL	413 458	368 444
LIABILITIES		
Bank loans	27 332	21 470
Accounts payable and accrued charges	3 604	445
Holdbacks on contracts	87	270
Advances from:		
Unrestricted Fund	834	2 073
Restricted Fund	267	266
Reserve for acquisition of fixed assets	86	92
Ministère de l'Enseignement supérieur, de la Science et de la Technologie claim	29 851	22 104
Long-term debt (Note 8)	245 542	225 326
	307 603	272 046
Fund balance	105 855	96 398
FUND TOTAL	413 458	368 444

COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUNDS
CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
(in thousands of dollars)

	Unrestricted		Restricted	
	1985	1984	1985	1984
REVENUE				
Tuition fees	18 658	17 656		
Subsidies				
— Gouvernement du Québec				
Operations	249 688	235 662	1 349	1 120
Debt servicing			28 610	32 944
Other	3 643	3 242	9 380	10 366
— Government of Canada	2 513	1 285	12 619	10 174
— Other	2 579	2 432	3 075	2 491
Investments and endowments	1 854	1 961		
Ancillary ventures	15 882	15 080		
Other revenue	12 416	11 111	615	408
Transfer from Restricted Fund balance	85	82		
Funds for special projects	2 754	3 361		
Contribution from Unrestricted Fund			70	33
	310 072	291 872	55 718	57 536
EXPENDITURE				
Teaching and research	171 158	160 879	26 639	23 711
Subsidized research	2 385	2 515		
General services	6 734	5 826	177	433
Library	14 566	13 896	84	81
Audiovisual services	4 628	4 389	14	9
Data processing	14 016	12 284		
Administration and contributions	37 345	34 533	86	46
Land and buildings	43 306	39 803	33	281
Student services	4 923	4 969	75	31
Ancillary ventures	13 739	12 476		
Debt servicing — subsidized portion			28 610	32 944
Interest on budgetary deficit financing (Note 12)	160	150		
Contribution to Restricted Fund	70	109		
Contribution to Investment Fund	419			
	313 449	291 829	55 718	57 536
SURPLUS REVENUE BEFORE THE FOLLOWING ITEMS	(3 377)	43		
Adjustment to prior years' subsidies	(358)	(431)		
Other extraordinary items (Note 13)	211	(485)		
SURPLUS REVENUE (EXPENDITURE)	(3 524)	(873)	—	—

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUNDS
CONSOLIDATED STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
(in thousands of dollars)

	1985	1984
UNRESTRICTED		
BALANCE AT THE BEGINNING	6 201	10 435
Adjustments (Note 11)	372	
Appropriated balance spending	(2 754)	(3 361)
Surplus revenue (expenditure) for the year	(3 524)	(873)
Transfer from Investment Fund balance (Note 10)	606	
BALANCE AT YEAR-END	901	6 201
Detailing as		
— appropriated	2 867	3 654
— unapropriated (deficit)	(1 966)	2 547
	901	6 201
RESTRICTED		
BALANCE AT THE BEGINNING		
Balance carried forward	16 548	14 431
Reclassification of Trust Fund	5	1
Reclassification to Endowment Fund	(46)	(43)
Adjusted balance	16 507	14 389
Subsidies		
— Government of Québec		
Operations	2 187	2 235
Debt servicing	28 610	32 944
Other	9 240	10 639
— Government of Canada	13 952	11 452
— Other	3 998	2 506
Investments and endowments		29
Other revenue	191	124
Contribution from Unrestricted Fund	70	109
Transfer to Unrestricted Fund revenue	(85)	(82)
Transfer to Endowment Fund		(2)
Write-off of subsidy receivable from the Government at May 31, 1983	(375)	(300)
	74 295	74 043
Appropriated revenue to cover expenditure for the year	55 718	57 536
BALANCE AT YEAR-END	18 577	16 507

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

TRUST FUND
CONSOLIDATED STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
(in thousands of dollars)

	1985	1984
BALANCE AT THE BEGINNING		
Balance carried forward	621	401
Reclassification to Unrestricted Fund	(5)	(1)
Adjusted balance	616	400
Revenue	923	998
	1 539	1 398
Expenditure	1 219	782
BALANCE AT YEAR-END	320	616

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FUNDS BALANCE
for the fiscal year ended May 31
(in thousands of dollars)

	1985	1984
BALANCE AT THE BEGINNING		
Reclassification of Restricted Fund	46	43
Adjustment (Note 11)	306	
Adjusted balance	352	43
Contribution from Investment Fund (Note 11)		306
Transfer from Restricted Fund	375	
Endowment for fiscal year	360	
Net revenue	44	3
BALANCE AT YEAR-END	1 131	352

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
CONSOLIDATED STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
(in thousands of dollars)

	1985	1984
BALANCE AT THE BEGINNING		
Balance carried forward	96 704	75 682
Adjustment (Note 11)	(306)	
Adjusted balance	96 398	75 682
Subsidies — Government of Québec	860	6 910
Contribution from:		
Unrestricted Fund	8 867	10 994
Restricted Fund	3 600	2 451
Interest and other revenue	161	8
Subsidies and contributions — other	348	47
Endowment of fixed assets	185	3 366
Transfer from the reserve for future construction	21	26
Insurance claims	746	
	111 186	99 484
Transfer to Unrestricted Fund balance (Note 10)	(606)	
Contribution to Endowment Fund (Note 11)		(306)
Write-off and loss on disposal of fixed assets	(3 546)	(1 309)
Amortization of financial charges — discounts and unsubsidized capital spending	(992)	(1 272)
Write-off of debenture issue charges	(187)	(199)
	(5 331)	(3 086)
BALANCE AT YEAR-END (including valuation surplus — (Note 6)	105 855	96 398

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended May 31
(in thousands of dollars)

	1985	1984
SOURCE OF FUNDS		
Net proceeds from debenture issues	40 820	33 546
Contribution from:		
Unrestricted fund	8 867	10 994
Restricted fund	32 097	35 171
Contributions — other	393	130
Interest and other revenue		8
Sale of fixed assets	174	31
Cash receipts on long-term accounts receivable and interest	18	20
Reduction in investments	28	27
Net commitments under capital lease contracts	1 069	(37)
Increase in other long-term debt	439	1 164
Insurance claims	746	
	84 651	81 054
APPLICATION OF FUNDS		
Acquisition of fixed assets	38 088	28 627
Bank loan interest capitalized	2 874	2 457
Investments	13	
Debt servicing		
capital	22 292	10 600
interest	27 640	25 814
Long-term debt charges	190	204
Transfer to Unrestricted Fund (Note 10)	606	
Contribution to Endowment Fund (Note 11)		306
	91 703	68 008
INCREASE (DECREASE) IN THE FUND	(7 052)	13 046
UNFUNDED BALANCE AT THE BEGINNING		
Balance carried forward	(23 745)	(36 798)
Reclassification of balance available to Endowment Fund	(7)	
Adjusted balance	(23 752)	(36 798)
UNFUNDED BALANCE AT YEAR-END (Note 9)	(30 804)	(23 752)

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC BALANCE SHEET

as at May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	8 262	2 990	311	756	3 077
Accounts receivable					
Students	558	83	155	41	54
Université du Québec	397	139	89	17	(90)
Other constituent units		60	47	(10)	50
Other	320	345	459	106	96
Subsidies receivable					
Ministère de l'Enseignement supérieur, de la Science et de la Technologie					
Other				25	
Inventories (Note 4)	660	218			
Prepaid expenses (Note 4)	1 304	57	261	151	
Investments (Note 5)		50			
Advances to the Investment Fund	(443)	861	(155)	108	(5)
Deferred charges long term (Note 3)					
FUND TOTAL	11 058	4 803	1 167	1 194	3 182
LIABILITIES					
Bank overdraft and bank loans					
Accounts payable and accrued charges	8 422	3 587	1 694	737	835
Deferred revenue	647	250	294		35
Advances from:					
Restricted Fund	2 504	1 386	493	607	549
Trust Fund	145	19			
Endowment Fund		7			
	11 718	5 249	2 481	1 344	1 419
Fund balance (debit)	(660)	(446)	(1 314)	(150)	1 763
FUND TOTAL	11 058	4 803	1 167	1 194	3 182

COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC
**and its constituent universities, schools,
research institutes and other units**

OPERATING FUND — UNRESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
(in thousands of dollars)

								1985	1984
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
(269)	(6)	1 542	323		1 106	354	1 293	19 739	
26	11	98						1 026	875
161	70	(44)	196	164	(232)	18	(885)		
(27)	(75)	1					(46)		
92	1 580	192	19	2	170	1 044	577	5 002	3 620
							242	242	35 499
		1						26	184
	111		2			2 035		3 026	1 931
68	52					626	132	2 651	2 264
						250		300	318
9	66	(10)	155		(78)	225	101	834	2 073
						346		346	
60	1 809	1 780	695	166	966	4 898	1 414	33 192	46 764
136	380					2 153	3	2 672	11 050
485	826	1 703	540	2	1 017	1 910	697	22 455	20 664
52	440	191	27		131	139	16	2 222	2 641
328	(26)	(160)	66		(1 241)	131	152	4 789	6 128
							(18)	146	73
								7	7
1 001	1 620	1 734	633	2	(93)	4 333	850	32 291	40 563
(941)	189	46	62	164	1 059	565	564	901	6 201
60	1 809	1 780	695	166	966	4 898	1 414	33 192	46 764

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
REVENUE					
Tuition fees	9 045	2 730	1 989	1 136	1 139
Subsidies					
— Government of Québec					
Operations	95 116	32 474	23 597	14 899	13 279
Other		323	341		
— Government of Canada			390		5
— Other	1 289			151	246
Investments and endowments	480	285	107	78	192
Ancillary ventures	5 098	1 404	212	525	195
Other revenue	2 348	2 970	2 322	393	572
Transfer from restricted fund balance					1
Funds for special projects		76	702	205	68
	113 376	40 262	29 660	17 387	15 697
EXPENDITURE					
Teaching and research	67 580	26 749	19 241	12 100	7 928
Subsidized research	1 464	415	506		
General services	755	29	814	7	194
Library	6 536	2 393	1 842	1 063	676
Audiovisual services	1 591	742	338	316	294
Data processing	3 869	1 428	1 073	519	1 212
Administration and contributions	10 289	4 111	2 992	1 869	1 831
Land and buildings	18 583	3 802	4 226	1 515	2 769
Student services	1 432	1 334	1 032	304	183
Ancillary ventures	3 647	1 485	111	466	191
Interest on budgetary deficit financing (Note 12)					
Contribution to:					
Restricted Fund			20		
Investment Fund	419				
	116 165	42 488	32 195	18 159	15 278
SURPLUS REVENUE (EXPENDITURE) BEFORE THE FOLLOWING ITEMS	(2 789)	(2 226)	(2 535)	(772)	419
Adjustments to prior years' subsidies			(8)	(69)	(176)
Université du Québec contribution toward budgetary deficits (Note 12)	2 487	694	642	340	343
Other extraordinary items (Note 13)	211				
SURPLUS REVENUE (EXPENDITURE)	(91)	(1 532)	(1 901)	(501)	586

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
(in thousands of dollars)

								1985	1984
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
467	769	977	354		39	13		18 658	17 656
6 113	4 901	12 104	7 308	841	10 921	9 402	18 733	249 688	235 662
	2 506	47			426			3 643	3 242
	1 945	32			141			2 513	1 285
65	695	11	40			82		2 579	2 432
7	5	165	18		429		88	1 854	1 961
259	97					8 092		15 882	15 080
295	204	738	165		564	552	1 293	12 416	11 111
	3				81			85	82
130	97	24	60		945	294	153	2 754	3 361
7 336	11 222	14 098	7 945	841	13 546	18 435	20 267	310 072	291 872
5 330	3 521	9 441	4 208	655	9 215	5 190		171 158	160 879
								2 385	2 515
41	4 834		60					6 734	5 826
253	449	181	125		493	301	254	14 566	13 896
159		542	116		193	79	258	4 628	4 389
359	76	837	286		485	440	3 432	14 016	12 284
1 110	1 343	1 862	958	142	1 487	2 332	7 019	37 345	34 533
1 080	900	1 374	2 099		1 638	3 357	1 963	43 306	39 803
174	53	337	74					4 923	4 969
223	77					7 539		13 739	12 476
							160	160	150
					50			70	109
								419	
8 729	11 253	14 574	7 926	797	13 561	19 238	13 086	313 449	291 829
(1 393)	(31)	(476)	19	44	(15)	(803)	7 181	(3 377)	43
(5)		(131)	31					(358)	(431)
563	173		251	54			(5 547)		
								211	(485)
(835)	142	(607)	301	98	(15)	(803)	1 634	(3 524)	(873)

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
BALANCE (DEFICIT) AT THE BEGINNING	(569)	1 162	1 289	556	639
Adjustments (Note 11)					
Transfer from Investment Fund balance (Note 10)					606
Appropriated balance spending		(76)	(702)	(205)	(68)
Surplus revenue (expenditure) for the year	(91)	(1 532)	(1 901)	(501)	586
BALANCE (DEFICIT) AT YEAR-END	(660)	(446)	(1 314)	(150)	1 763
Detailing as:					
Appropriated		303		131	866
Unapropriated	(660)	(749)	(1 314)	(281)	897
	(660)	(446)	(1 314)	(150)	1 763

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
(in thousands of dollars)

								1985	1984
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
24	144	677	(179)	66	2 019	1 290	(917)	6 201	10 435
						372		372	
								606	
(130)	(97)	(24)	(60)		(945)	(294)	(153)	(2 754)	(3 361)
(835)	142	(607)	301	98	(15)	(803)	1 634	(3 524)	(873)
(941)	189	46	62	164	1 059	565	564	901	6 201
71	189	16	103		635	35	518	2 867	3 654
(1 012)		30	(41)	164	424	530	46	(1 966)	2 547
(941)	189	46	62	164	1 059	565	564	901	6 201

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC BALANCE SHEET

as at May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	1		23	12	
Accounts receivable		153	28	104	12
Subsidies receivable	2 976	1 786	856	294	32
Advances to:					
Unrestricted Fund	2 504	1 386	493	607	549
Investment Fund	237			19	
Trust Fund	90				
FUND TOTAL	5 808	3 325	1 400	1 036	593
LIABILITIES					
Accounts payable and accrued charges	197	82	2		41
Advances from:					
Trust Fund					
Endowment Fund					
	197	82	2		41
Fund balance	5 611	3 243	1 398	1 036	552
FUND TOTAL	5 808	3 325	1 400	1 036	593

COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)

On behalf of the Board of Directors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
(in thousands of dollars)

							1985	1984
UQAT	ENAP	TELUQ	ETS	INRS	IAF	UQ	Total	Total
				4 250	1		4 287	3 251
19	48		3	444	49		860	516
		234	27	309	2 400		6 914	6 791
328	(26)	(160)	66	(1 241)	131	152	4 789	6 128
		11					267	266
							90	
347	22	85	96	3 762	2 581	152	19 207	16 952
16		15		73	179		605	427
								18
				25			25	
16		15		98	179		630	445
331	22	70	96	3 664	2 402	152	18 577	16 507
347	22	85	96	3 762	2 581	152	19 207	16 952

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
REVENUE					
Subsidies					
— Government of Québec					
Operations	128	259	280	182	223
Debt servicing		173			40
Other	2 027	1 687	1 026	437	137
— Government of Canada	3 222	2 149	1 092	446	100
	1 158	312	482	407	4
Other revenue	137			55	
Contribution from Unrestricted Fund			20		
	6 672	4 580	2 900	1 527	504
EXPENDITURE					
Teaching and subsidized research	6 672	4 130	2 900	1 513	445
General services				14	4
Library		84			
Audiovisual		14			
Administration		86			
Land and buildings		18			15
Student services		75			
Debt servicing, subsidized		173			40
	6 672	4 580	2 900	1 527	504

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
(in thousands of dollars)

							1985	1984
UQAT	ENAP	TELUQ	ETS	INRS	IAF	UQ	Total	Total
277							1 349	1 120
						28 397	28 610	32 944
309	107	38		2 091	1 521		9 380	10 366
12	63	396	93	3 439	1 598	9	12 619	10 174
					712		3 075	2 491
				423			615	408
				50			70	33
598	170	434	93	6 003	3 831	28 406	55 718	57 536
439	170	434	93	6 003	3 831	9	26 639	23 711
159							177	433
							84	81
							14	9
							86	46
							33	281
							75	31
						28 397	28 610	32 944
598	170	434	93	6 003	3 831	28 406	55 718	57 536

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
BALANCE AT THE BEGINNING					
Balance carried forward	3 779	2 859	1 536	1 038	633
Reclassification of Endowment Fund					
Reclassification of balance of Trust Fund				5	
Adjusted balance	3 779	2 859	1 536	1 043	633
Subsidies					
— Government of Québec					
Operations	1 264	278	120	85	160
Debt servicing		173			40
Other	1 202	1 841	1 032	510	142
— Government of Canada	4 689	2 153	1 108	440	82
— Other	1 212	519	482	431	
Investments and endowments					
Other revenue	137			54	
Contribution from Unrestricted Fund			20		
Transfer to:					
Revenue from Unrestricted Fund					(1)
Investment Fund earnings					
Write-off of subsidy receivable from the Government at May 31, 1983					
	12 283	7 823	4 298	2 563	1 056
Revenue allocated to expenditure for the year	6 672	4 580	2 900	1 527	504
BALANCE AT YEAR-END	5 611	3 243	1 398	1 036	552

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
(in thousands of dollars)

UQAT	ENAP	TELUQ	ETS	INRS	IAF	UQ	1985 Total	1984 Total
238	57	446	95	3 557	2 249	61	16 548	14 431
					(46)		(46)	(43)
							5	1
238	57	446	95	3 557	2 203	61	16 507	14 389
280							2 187	2 235
						28 397	28 610	32 944
411	85	36		2 582	1 299	100	9 240	10 639
	53	10	94	3 303	2 020		13 952	11 452
		12		631	711		3 998	2 506
								29
							191	124
				50			70	109
	(3)			(81)			(85)	(82)
				(375)			(375)	
								(2)
								(300)
929	192	504	189	9 667	6 233	28 558	74 295	74 043
598	170	434	93	6 003	3 831	28 406	55 718	57 536
331	22	70	96	3 664	2 402	152	18 577	16 507

UNIVERSITÉ DU QUÉBEC

**and its constituent universities, schools,
research institutes and other units**

TRUST FUND
SYNOPTIC BALANCE SHEET

as at May 31
(in thousands of dollars)

					1985	1984
	UQAM	UQTR	UQAR	UQ	Total	Total
ASSETS						
Cash and deposits				165	165	441
Accounts receivable	100				100	95
Investments (Note 5)		12			12	12
Advances to:						
Unrestricted Fund	145	19		(18)	146	73
Restricted Fund						18
FUND TOTAL	245	31	—	147	423	639
LIABILITIES						
Accounts payable and accrued charges						10
Advances to:						
Restricted fund	90				90	
Investment Fund	1				1	1
Interest-free loans, due in 1989		12			12	12
	91	12			103	23
Fund balance	154	19		147	320	616
FUND TOTAL	245	31	—	147	423	639

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

TRUST FUND
SYNOPTIC STATEMENT OF FUND BALANCE
as at May 31
(in thousands of dollars)

	UQAM	UQTR	UQAR	UQ	1985 Total	1984 Total
BALANCE AT THE BEGINNING						
Balance carried forward	129	13	5	474	621	401
Reclassification of Restricted Fund			(5)		(5)	(1)
Adjusted balance	129	13		474	616	400
Revenue	845	18		60	923	998
	974	31		534	1 539	1 398
Expenditures	820	12		387	1 219	782
BALANCE AT YEAR-END	154	19	—	147	320	616

UNIVERSITÉ DU QUÉBEC

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ENDOWMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
(in thousands of dollars)

	UQTR	INRS	IAF	1985 Total	1984 Total
ASSETS					
Cash and deposits		750	19	769	14
Accounts receivable					1
Advances to:					
Unrestricted Fund	7			7	7
Restricted Fund		25		25	
Investments (Note 5)	299		31	330	330
FUND TOTAL	306	775	50	1 131	352
LIABILITIES					
Fund balance	306	775	50	1 131	352
FUND TOTAL	306	775	50	1 131	352

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

ENDOWMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE

as at May 31
(in thousands of dollars)

	UQTR	INRS	IAF	1985 Total	1984 Total
BALANCE AT THE BEGINNING					
Reclassification of Restricted Fund			46	46	43
Adjustment (Note 11)	306			306	
Adjusted balance	306		46	352	43
Contribution from Investment Fund (Note 11)					306
Transfer from Restricted Fund		375		375	
Endowment for the year		360		360	
Net revenue		40	4	44	3
BALANCE AT YEAR-END	306	775	50	1 131	352

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits					
Accounts receivable					
constituent units	645	360	(36)	11	39
other	754	6	225		
Claims on the ministère de l'Enseignement supérieur, de la Science et de la Technologie					
Long-term subsidies receivable (Note 7)			30		
Investments (Note 5)		50			13
Fixed assets (Note 6)	161 965	57 912	48 223	18 716	10 912
Deferred financing charges, amortized					
Advances to the Trust Fund	1				
FUND TOTAL	163 365	58 328	48 442	18 727	10 964
LIABILITIES					
Bank loans					
Accounts payable and accrued charges	1 564	35			24
Holdbacks on contracts	42				
Advances to:					
Unrestricted Fund	(443)	861	(155)	108	(5)
Restricted Fund	237			19	
Reserve for acquisition of fixed assets					
Claims on the ministère de l'Enseignement supérieur, de la Science et de la Technologie (consideration)					
Long-term debt (Note 8)	1 138	1 417	133	10	257
	2 538	2 313	(22)	137	276
Fund balance	160 827	56 015	48 464	18 590	10 688
FUND TOTAL	163 365	58 328	48 442	18 727	10 964

COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)

On behalf of the Board of Governors,

Gilles Boulet
Chairman
Roger Lefrançois
Vice-President, Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

INVESTMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
(in thousands of dollars)

								1985	1984
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
						62		62	716
18	(285)	(400)	1 763		47	202	(2 364)		
		1			3	219		1 208	5
							29 851	29 851	22 104
								30	45
						440		503	518
2 602	2 442	4 714	16 581	1	22 970	27 684	2 588	377 310	340 334
							4 493	4 493	4 721
								1	1
2 620	2 157	4 315	18 344	1	23 020	28 607	34 568	413 458	368 444
							27 332	27 332	21 470
9	1	27	1 458		42	441	3	3 604	445
						45		87	270
9	66	(10)	155		(78)	225	101	834	2 073
		11						267	266
					86			86	92
							29 851	29 851	22 104
	281					1 631	240 675	245 542	225 326
18	348	28	1 613		50	2 342	297 962	307 603	272 046
2 602	1 809	4 287	16 731	1	22 970	26 265	(263 394)	105 855	96 398
2 620	2 157	4 315	18 344	1	23 020	28 607	34 568	413 458	368 444

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
BALANCE AT THE BEGINNING					
Balance carried forward	153 370	54 076	45 354	17 551	7 885
Adjustment (Note 11)		(306)			
Adjusted balance	153 370	53 770	45 354	17 551	7 885
Subsidies — Government of Québec					
Contribution from:					
Unrestricted Fund	3 670	930	626	223	722
Restricted Fund	903	683	280	191	38
Interest and other revenue					
Other subsidies and contributions			121		
Endowment of fixed assets					
Insurance claims	746				
Transfer from reserve for future construction					
Université du Québec contribution — fixed assets	3 247	1 914	2 458	652	3 089
	161 936	57 297	48 839	18 617	11 734
Transfer to Unrestricted Fund (Note 10)					(606)
Contribution to Endowment Fund (Note 11)					
Write-off and loss on disposal of fixed assets	(1 109)	(1 150)	(375)		(440)
Amortization of financial charges — discounts and unsubsidized fixed assets		(132)		(27)	
Writte-off of debenture issue charges					
	(1 109)	(1 282)	(375)	(27)	(1 046)
BALANCE AT YEAR-END (including valuation surplus — Note 6)	160 827	56 015	48 464	18 590	10 688

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

INVESTMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
(in thousands of dollars)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1985 Total	1984 Total
2 126	1 620	3 880	2 978		20 464	23 754	(236 354)	96 704	75 682
								(306)	
2 126	1 620	3 880	2 978		20 464	23 754	(236 354)	96 398	75 682
							860	860	6 910
174	293	502	209		619	852	47	8 867	10 994
47		10	28		950	470		3 600	2 451
						161		161	8
					17	210		348	47
						185		185	3 366
								746	
					21			21	26
255	99	154	13 692	1	960	796	(27 317)		
2 602	2 012	4 546	16 907	1	23 031	26 428	(262 764)	111 186	99 484
								(606)	
									(306)
	(49)	(105)	(176)		(61)	(81)		(3 546)	(1 309)
	(154)	(154)				(82)	(443)	(992)	(1 272)
							(187)	(187)	(199)
	(203)	(259)	(176)		(61)	(163)	(630)	(5 331)	(3 086)
2 602	1 809	4 287	16 731	1	22 970	26 265	(263 394)	105 855	96 398

UNIVERSITÉ DU QUÉBEC

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INVESTMENT FUND
SYNOPTIC STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended May 31
(in thousands of dollars)

	UQAM	UQTR	UQAC	UQAR	UQAH
SOURCE OF FUNDS					
Net proceeds of debenture issues					
Claims — Université du Québec — Fixed assets	3 247	1 914	2 458	652	3 089
Contribution from:					
Unrestricted Fund	3 670	930	626	223	722
Restricted Fund	903	766	280	191	54
Other contributions		38	121		
Interest earned and other					
Sale of fixed assets		2			
Receipts on long-term accounts receivable and interest			18		
Reduction of investments					
Net commitments under capital lease contracts	(175)			(7)	
Increase in other long-term debt	258		103		
Insurance claims	746				
	8 659	3 650	3 606	1 059	3 865
APPLICATION OF FUNDS					
Acquisition of fixed assets	8 008	3 540	3 348	985	3 219
Interest on bank loans, capitalized					
Acquisition of investments					13
Debt servicing					
Capital	290	90	15		24
Interest		83	3		16
Charges on long-term debt					
Transfer to balance of Unrestricted Fund (Note 10)					606
Contribution to Endowment Fund (Note 11)					
	8 298	3 713	3 366	985	3 878
INCREASE (DECREASE) IN FUND	361	(63)	240	74	(13)
DISPOSABLE (UNFUNDED) BALANCE AT THE BEGINNING					
Balance carried forward	(361)	(410)	103	(191)	33
Reclassification of disposasble balance to Endowment Fund		(7)			
Adjusted balance	(361)	(417)	103	(191)	33
DISPOSABLE (UNFUNDED) BALANCE AT YEAR-END (Note 9)	—	(480)	343	(117)	20

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
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INVESTMENT FUND
SYNOPTIC STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended May 31
(in thousands of dollars)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1985 Total	1984 Total
							40 820	40 820	33 546
255	99	154	13 692	1	960	796	(27 317)		
174	293	502	209		619	852	47	8 867	10 994
47		10	28		950	470	28 398	32 097	35 171
					24	210		393	130
									6
	2	1			8	161		174	31
								18	20
						28		28	27
	104					1 147		1 069	(37)
						68		439	1 164
								746	
476	498	667	13 929	1	2 561	3 732	41 948	84 651	81 054
475	462	576	13 532	1	2 566	4 165	(2 789)	38 088	28 627
							2 874	2 874	2 457
								13	
						13	21 860	22 292	10 600
							27 538	27 640	25 814
						3	187	190	204
								606	
									306
475	462	576	13 532	1	2 566	4 181	49 670	91 703	68 008
1	36	91	397		(5)	(449)	(7 722)	(7 052)	13 046
	(388)	(518)	(247)		92	221	(22 079)	(23 745)	(36 798)
								(7)	
	(388)	(518)	(247)		92	221	(22 079)	(23 752)	(36 798)
1	(352)	(427)	150		87	(228)	(29 801)	(30 804)	(23 752)

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

NOTES TO FINANCIAL STATEMENTS
at May 31, 1985

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1. Financial statements

The consolidated and synoptic financial statements include those of the Université du Québec (UQ) and the following dependent units: Télé-Université (TELUQ), the Commission des programmes d'études avancées gérés conjointement (PRETAGEC), as well as those of the Université du Québec à Montréal (UQAM), Université du Québec à Trois-Rivières (UQTR), Université du Québec à Chicoutimi (UQAC), Université du Québec à Rimouski (UQAR), Université du Québec à Hull (UQAH), Université du Québec en Abitibi-Témiscaminge (UQAT), the Ecole nationale d'administration publique (ENAP), the Ecole de technologie supérieure (ETS), the Institut national de la recherche (NRS) and the Institut Armand-Frappier (IAF), whose assets on liquidation become property of Université du Québec. Financial data concerning the Presses de l'Université du Québec and its subsidiary as well as IAF Production Inc. are presented separately.

For consolidation purposes, elimination of accounts took place only at the balance sheet level, those pertaining to revenue and expenditure movements among constituent units having little or no effect on operating results. Changes were made to the financial statements of some constituent units for purposes of comparison with the consolidated and synoptic statements. Certain data from prior years was reclassified for presentation alongside that of current financial statements.

2. Accounting policies

Major accounting policies detail as follows:

(a) Fund classification

The various funds fall into five categories:

i. the Unrestricted Operating Fund records transactions relating to current operations and certain designated operations, whether or not subject to international restriction;

ii. the Restricted Fund includes resources used to cover the cost of certain specific operations subject to external restrictions;

iii. the Trust Fund records funds entrusted to the Université but not belonging to it;

iv. the Endowment Fund records transactions for which the resources are derived from inheritances or endowments whose capital remains intact or, like the revenue from such capital, is assigned for purposes determined by the donor;

v. the Investment Fund records transactions relating to fixed assets and their financing.

(b) Recording of transactions

Transactions are recorded according to generally accepted accounting principles, with the following particular applications or modifications:

i. Revenue in the form of subsidies for the Unrestricted Operating Fund is entered on the books according to the funding regulations of the ministère de l'Enseignement supérieur, de la Science et de la Technologie, with adjustments recorded under a separate item on the statement of revenue and expenditure for the year when made.

ii. Revenue for the Restricted Operating Fund is considered as earned up to the amount required to cover expenditures over revenue generated from a given activity, with the remainder accumulating in the Fund balance; surpluses are transferred to the Unrestricted Operating Fund once projects have been completed.

iii. Tuition fees are considered revenue for the fiscal year in which the session falls.

iv. Investment earnings not subject to external constraints and derived from all of the funds are posted to the Unrestricted Operating Fund.

v. Commitments for unfiled orders of goods and services are not entered on the books but annotated to the financial statements.

vi. Expenses for insurance, taxes, postage, stationery, office supplies and other recurring items are not deferred, except for large expenditures charged to the next fiscal year.

vii No provision is recorded for holidays and accumulated sick leave, nor for overtime to be taken as holidays, for regular staff nor the cost of applying the umbrella agreement covering upper management personnel, funded from current expenditures.

viii. Servicing the Investment Fund long-term debt and subsidies to cover this are charged to that fund and to the Restricted Operating Fund, up to the amount of subsidies received.

ix. Spending on fixed assets under authorized budgets is generally financed by issuing debentures. Interest charges on interim financing are added to the cost of fixed assets. The acquisition of fixed assets from the year's revenue and expenditure is also posted to the Investment Fund. The acquisition of fixed assets under capital lease is recorded at the overall amount, including capital, interest and the cost of the purchase option. Commitments under such contracts are amortized through an annual contribution by the Unrestricted Operating Fund equivalent to the amount of rent payable. Depreciation on fixed assets is not shown on the books; they are written down when disposed of. Furniture is completely written off after 15 years, as is equipment and appliances, after 5 years in the case of rolling stock and 7 for computer equipment. Unsubsidized fixed assets are depreciated using the straight-line method over their service life or according to the receipt of certain grants. Deferred financing charges on debentures are amortized or written off according to maturity date.

x. The Université records claims from the ministère de l'Enseignement supérieur, de la Science et de la Technologie for fixed assets and interest at the time they are recognized by the department or funded within the five-year plan to be approved by the Government, then paid by the trust company from the proceeds of debentures issued.

x) Deferred long-term expenses are amortized from the time the product they relate to has reached the commercialisation stage. They will be amortized using the straight-line method, over a duration not exceeding 5 years.

3. Deferred long-term expenses

Deferred long-term expenses represent the cost of perfecting a new vaccine whose commercialization, if approved, is expected in 1988. Work is expected to continue through 1986 and 1987. Failure to achieve the objective would result in a deficit of an equivalent amount.

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

NOTES TO FINANCIAL STATEMENTS (cont'd)
at May 31, 1985

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4. Inventories and prepaid expenses

These include:

	1985	1984
Inventories for resale*	$3 026 000	$1 931 000
Prepaid expenses**	2 651 000	2 264 000
	$5 677 000	$4 195 000

* This item includes $1 484 000 ($582 000 in 1984) for vaccine and serum valued either at component cost or net realization value in the absence of a sufficient cost pricing system, $544 000 ($444 000 in 1984) for raw materials and supplies valued at the latest price invoiced by suppliers and $998 000 ($905 000 in 1984) for raw materials, finished goods and supplies valued at the lower of cost price or net realization value. All the vaccines are valued using the method described above, wherease previously, one of them had been valued using the cost of production method. This change in accounting policies is applied retroactively, without adjusting previous years' financial statements. As a result, surplus expenditure over revenue for the year has been reduced by $57 000, and the opening balance of the Unrestricted Operating Fund is increased by $292 000, which represents the accumulated adjustment for prior years.

** Includes the cost of research and production of vaccine amounting to $601 000 ($514 000 in 1984), whose cost recovery is dependent on completing work on the product and favourable market conditions. Failure to realize full value means a corresponding debit for the amount. Deferred expenses at May 31, 1984 are absorbed by 1985 operations.

5. Investments, at cost

	1985	1984
Unrestricted Operating Fund		
2 500 class "C" shares, in IAF Production Inc., no par value, non voting, with a non-cumulative preferred dividend of 12 %, callable at all times for $50 000 per annum from June 1, 1987 to June 1, 1991 and 120 common shares of Biopreserv Inc.	$250 000	$250 000
Loan to the Fondation Armand-Frappier, at the Institut bank rate, payable in rent to the Fondation. The Institut is committed to lending a total of $300 000		18 000
Institutional bonds, par value of $50 000, 12½%, maturing June 6, 1993	50 000	50 000
	$300 000	$318 000
Investment Fund		
4 400 shares (4 675 in 1984), class "B", series 1, in IAF Production Inc., no par value, non voting, non cumulative, preferred dividend of 9%, callable at all times for the amount of capital paid (book value of $440 000 at November 30, 1984; $468 000 in 1983)	$440 000	$468 000
Institutional bonds with a face value of $50 000, bearing interest at rates varying by 5½%, maturing April 15, 1988	50 000	50 000
8 500 class "A" shares of Le Centre de Logiciel de l'Outaouais Inc. representing a 20% interest and an interest-free loan of $5 000, with no repayment terms	13 000	
	$503 000	$518 000
Trust Fund		
Institutional bonds with a face value of $12 000 bearing interest at 14% and maturing October 18, 1987	$12 000	$12 000
Endowment Fund		
Institutional bonds with a face value of $300 000 bearing interest at 12½% and 13¾% and maturing in 1995 and 2003	$299 000	$299 000
Other investments in stocks and bonds	31 000	31 000
	$330 000	$330 000

6. Fixed assets

	1985	1984
Subsidized		
Land and buildings	$198 094 000	$182 755 000
Improvements and alterations	33 419 000	29 571 000
Furniture, equipment and tools	111 491 000	97 609 000
Library — books	32 326 000	28 625 000
	375 330 000	338 560 000
Unsubsidized, at amortized cost		
Buildings	263 000	
Improvements and alterations	1 275 000	1 277 000
Furniture, equipment and tools	442 000	497 000
	$377 310 000	$340 334 000

Fixed assets are recorded at cost, less depreciation in the case of unsubsidized ones, except for the following, donated and recorded at cost to the former owner or value estimated by the Université:

Sports complex	$3 214 000	$3 214 000
Other	1 287 000	1 102 000
	$4 501 000	$4 316 000

Surpluses are posted to the Investment Fund as valuation surplus.

7. Long-term subsidies receivable

	1985	1984
Cité de Chicoutimi, receivable in annual installments of $15 000 corresponding to the principal repayment of one of the long-term borrowings for an equal amount in the balances of the purchase price	$30 000	$45 000

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NOTES TO FINANCIAL STATEMENTS (cont'd)
at May 31, 1985

8. Long-term debt

	1985	1984
INVESTMENT FUND		
General debentures — Université du Québec		
— General debentures, bearing interest at a weighted average of 12.59% (12.45% in 1984), maturing between 1986 and 2004	$240 675 000	$221 535 000
First mortgage bonds — Université du Québec à Trois-Rivières — 5½%, series "B", maturing 1986 à 2000	1 417 000	1 507 000
Université du Québec à Hull — series "B", 4.08% and 8% maturing 1992 and 1993 (issued in the name of other institutions and assumed when fixed assets were acquired)	257 000	281 000
Balances of purchase price, 7%, 12.5%, 17.25% and 18.4%, maturing from 1987 to 1989	1 107 000	1 090 000
Commitments under capital lease contracts	1 983 000	913 000
Interest-free loan repayable by monthly installments of $2 143, maturing in 1989	103 000	
	$245 542 000	$225 326 000

Payments to be made over the next five years detail as follows:

1985-86	$26 791 000
1986-87	26 168 000
1987-88	47 170 000
1988-89	24 171 000
1989-90	4 117 000

General Université du Québec debentures are guaranteed by the corporation's general credit, while bonds issued by the Université du Québec à Trois-Rivières and the Université du Québec à Hull are secured by a first mortgage on their assets. These issues, as well as the balance of purchase price in the amount of $214 000 owed by the Université du Québec à Rimouski, are guaranteed, both capital and interest, through subsidies from the Government of Québec granted by Order in Council and payable out of funds voted yearly by the National Assembly in accordance with the University Investments Act.

the Cité de Chicoutimi is committed to repaying a loan to the Université du Québec à Chicoutimi, capital and interest, the balance of which was $30 000 at May 31, 1985.

The following debt is not recorded on the books since the Government has assumed these under Order in Council:

	1985	1984
Institut Armand-Frappier		
Bonds		
Series "A", 5½%, April 1, 1965 maturing to 1985		$198 000
Series "B", 6¼%, maturing April 1, 1987	$2 100 000	2 100 000
	$2 100 000	$2 298 000

9. Unfunded balance — Investment fund

	1985	1984
The unfunded balance of the Investment Fund details as follows:		
Capital spending within the five-year plan, interim financing	$29 851 000	$22 104 000
Capital spending to be charged to the Operating Fund according to the depreciation method in Note 2 (b) ix	1 922 000	1 774 000
Capital spending to be funded	44 000	45 000
Net disposable balance	(1 013 000)	(171 000)
	$30 804 000	$23 752 000

10. Tranfer from balance of Investment Fund

During 1984, a constituent university acquired computer equipment which it financed from its Unrestricted Operating Fund. In 1985, after having obtained a subsidy of $606 000 from the ministère de l'Enseignement supérieur, de la Science et de la Technologie, under the "Virage technologique" program, the Investment Fund reimbursed the Unrestricted Operating Fund for the same amount.

11. Adjustments

With corrections to earlier data	
At the request of the ministère de l'Enseignement supérieur, de la Science et de la Technologie, a constituent university made a contribution from its Investment Fund to its Endowment Fund retroactively to May 31, 1984	$306 000
With no correction to earlier data	
Change in valuation of inventories, as mentioned in Note 4	$292 000
Expenditure for the year 1983-84	80 000
	$372 000

12. Contributions for budgets deficit

This item represents lump-sum contributions, not including interest, paid by the University as part of the 1982-1985 budget balancing plan approved by the Board of Governors. Loans undertaken under this financing plan are repaid from adjustments in the University's financing basis, failing which, they are repaid from regular subsidies paid by the ministère de l'Enseignement supérieur, de la Science et de la Technologie.

13. Other extraordinary items

	1985	1984
Université du Québec à Montréal		
Repair of facilities following fire		$(346 000)
Insurance claims	$211 000	
Tax claims from the ministère du Revenu		(139 000)
	$211 000	(485 000)

UNIVERSITÉ DU QUÉBEC

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NOTES TO FINANCIAL STATEMENTS (cont'd)
at May 31, 1985

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14. Commitments and contingent liabilities

	1985	1984
(a) Commitments for unfilled orders of goods and services detail as follows:		
Unrestriccted Operating Fund	$2 299 000	$2 107 000
Restricted Operating Fund	$1 771 000	$1 162 000
Investment Fund		
Construction work. Institut Armand-Frappier	$507 000	
Other commitments for the construction and acquisition of furniture, equipment and other fixed assets	3 077 000	$1 464 000
	$3 584 000	$1 464 000

b) On May 15, 1985, the Board of Governors of the Université du Québec authorized the signing of contracts for a user licence, purchase, rental and maintenance of computer hardware and software totalling $982 000, of which $490 000 are covered by an allocation from the balance of the Unrestricted Operating Fund;

c) On June 26, 1985, the Executive Committee of the Université du Québec approved negotiations for the sale of series T general debenture for an overall face value of $60 000 000;

d) Commitments under long-term leases amount to $41 372 000 at May 31, 1985, payable in monthly installments.

	Buildings	Furniture and Equipment
1985-86	$11 666 000	$840 000
1986-87	9 350 000	479 000
1987-88	7 670 000	92 000
1988-89	6 008 000	11 000
1989-90	1 621 000	
1990-91 and thereafter	3 635 000	
	$39 950 000	$1 422 000

Some leases have provisions for rent adjustments in relation to taxes and services.

e) Actuarial certificated indicate that the actuarial deficiencies of the retirement plans at December 31 1984 total $3 179 000 for the Université and $6 233 000 for the Institut Armand-Frappier, and can be amortized by annual payments of $1 755 000 in 1986, $1 744 000 until 1988 and $856 000 thereafter until 1995;

f) A constituent University, under an agreement dated April 1, 1983, acquired the Robert-Lionel Séguin collection. This commitment will be payable to the vendor by a quarterly annuity of $16 250 for as he lives, to a maximum of $2 795 000, plus an amount of $150 000 payable to the vendor's beneficiaries. This commitment was not recorded at May 31, 1985, except for payments totaling $146 250 which have already been made. An amount of $300 000 has been set aside in the Endowment Fund to finance this acquisition;

g) Suits for damages and interest totalling $2 708 000 are pending against the Université du Québec or its constituents, who deny any responsibility;

h) A claim for $219 000 has been submitted by a supplier to a constituent of the Université with respect to renovation work on a building. In the opinion of the corporation's management, there are no grounds for the claim. As a result, no allowance has been set up in the books.

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units
R.S.Q., c. U-1

AUDITOR'S REPORT

To the
Board of Governors
Université du Québec

We have examined the consolidated and synoptic balance sheets of the Operating, Trust, Endowment and Investment Funds of the Université du Québec at May 31, 1985 as well as the consolidated and synoptic statements of fund balances, of Operating Fund revenue and expenditure and that of the Investment Fund's change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Université du Québec at May 31, 1985 as well as its operating results and change in financial position for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Samson Bélair,
Chartered Accountants

Québec, August 15, 1985